DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
MERCHANTS EXCH. OF ST. LOUIS

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 January 2, 1959

We have had a succession of holidays with the week pretty well broken up, and the result has beenthat foreign business has been slow in adjusting to circumstances. There is no immediate inquiry, but exporters generally figure that within ten days or possibly two weeks there will be an improvement in business, and this might be responsible for restoring confidence, which has been pretty much lacking in wheat for some time.

Late Wednesday, parity prices were published for December, but no changes were indicated for leading commodities. Wheat remains at $2.44 per bu, corn at $1.76, and soybeans at $3.07 per bu. In view of the fact that parity has risen 2¢ per bu since the minimum forward loan on wheat was announced, we must go on the assumption that next summer's loan might be $1.83 at the national average, and if this is the case, wheat prices at Chicago for the new-crop are from 33 to 34¢ per bu under the gross loan. Many people seem to forget that even if there is a change in our agricultural policies or in the programs that nothing will be done with respect to this year's crops. The earliest change that we might expect would come in 1960. For this reason, we are not at all bearish on new-crop wheat futures, even admitting that the crop has gotten off to a fine start, and that moisture conditions in the Southwest are all that could be expected at this time. In these calculations, there will, of course, be some exceptions. For example, we note in the Nebraska report this morning that sections of central and eastern parts of the state, particularly in counties along the Platte River andnorthward to the South Dakota line, are experiencing an extended dry spell. Some places have had only a trace of moisture in the last four or five months. As a result, winter grains in this dry space were poor, uneven, and thin. Generally speaking, however, the condition of the winter wheat crop must be better than when the government report was issued last month.

30 March 1983

Tenders on January bean contracts were very large on Wednesday, and in addition to elevator interests, a good many processors had apparently seen fit to make delivery. On the other hand, a commission house, which very often acts for one of the large processing firms, stopped some of these beans, and this makes the situation a little more uncertain. In any event the January future was fairly firm this morning, which is contrary to what generally happens when heavy tenders are made and beans circulate. There was not too much feature to the other markets, although wheat prices were a little higher, and this, we believe, is in anticipation of better commercial business before long. January is very often a month when wheat prices decline; in fact, January 10th is the calendar dayfor selling.This, however, is based on the fact that many of the mills close for inventory, and then also there is the expansion in offerings from Southern Hemisphere countries. Both Argentina and Australia have had good crops this season, and they undoubtedly will have fairly large amounts for export. On the other hand, our traditional policy of shipping about 70% of U. S. exports during the first six months no longer holds true. and with the government able to offer a subsidy to compete with other surplus countries, we believe there will be large clearances from here between now and next June. Primary receipts of wheat over the holiday were 1,660,000 bu with no comparison with last week, and 601,000 bu last year. Kansas City and Minneapolis stocks are practically a standoff so far this week. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of only 1 million bu.

There was more activity in the wheat pit, and some investment buying, which may have replaced lines that were sold out during the 1958 calendar year. There was some scattered interest in hard winter flours, but no real spurt yet. However, inventories must be down and we would not be surprised to see better business at almost any time. A clearing firm that took in a large quantity of the Chicago beans, was a seller today against purchases of wheat, and itleaves the bean situation somewhat uncertain. January beans were liquidated by longs, but processors and others were apparently willing to take them back, and the main business in that pit was of a spreading nature. The demand for corn out of Chicago is still very poor. Nevertheless, futures were stronger, and we do not know any particular reason for this. It is too early yet to tell whether the country will sell on a heavier scale --up to now offerings have been very meager.

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CHICAGO, 4 January 5, 1959

Frigid temperatures are not unusual during January; in fact, this is the season of the year when subzero is reached over wide territories. This year, however, it penetrated into the Texas Panhandle but our people tell us that there was some snow protection north of the river and that up to now there have not been many complaints, but there may be some in the south. In any case, the market paid very little attention to any apprehension whatsoever.

We have the distinct feeling that better export business will become a factor from this time forward. Already there was some improvement, and this morning there were reports that India had purchased 2 cargoes of hard wheat for February shipment via the Gulf. In reviewing what has happened so far, we find that after making allowance for 6.7 million bu wheat and flour shipped last week, total clearances since the 1st of July have amounted to 189.6 million bu vs. 185.5 million last year; so actually we are now a little ahead. Corn shipments are also running about 2 1/2 million bu heavier than a year ago, while soybeans are running slightly behind. There was little evidence of much hedge-lifting and whether exporters had anticipated this business is difficult to say, but in any case we believe that it is a forerunner of larger orders soon to be placed.

According to Broomhall, the wheat harvest in Australia is pretty well completed, which, of course, is early, but the expectation is that the crop will either reach or exceed 200 million bu and might climb to a figure of 215 million bu. Even assuming only 200 million bu and a carryover of about 15 million bu, and home needs of 73 million bu, the surplus for export would be around 142 million bu, whereas last year clearances were small and amounted to only 55 million bu. In Argentina rains have caused some interruption in harvesting operations but yields in most sections have been good; most reports now indicate that a larger crop will be harvested than a year ago. We are not too much afraid of this competition from Southern Hemisphere because under the subsidy program we can offer greater incentives to get wheat out of the country and under an artificial stimulus of this kind, there seems to be little fear that U.S. clearances will finally reach the goal of 430 million bu recently spoken of in government reviews. Other commercial business was rather light. Flour trade was again slow over the week-end but mills are confident that improved buying should develop before long, and this could also be of some help to markets. One of the export houses was a fair seller of July wheat, and it seems that lately a good many hedges have been put into the deferred months. This has caused new crop futures to sell lower than they did a year ago at this time, but we have not changed our opinion that with prices about 34¢ under the gross loan, some place along the line there should be improvement. At the moment speculative buying is not sufficiently great to overcome the handicap, but sooner or later some of these hedges will also have to be lifted.

Chicago wheat stocks declined only 237,000 bu during the week, but this may have been due to the holiday which prevented normal business from being carried on. We have 10 million bu here, of which well over half consists of red wheat. Corn stocks declined 555,000 bu, leaving 17 1/2 million bu here. 381,000 bu of beans were shipped out during the week; total stocks, including those afloat, amount to 13.7 million bu. The U S wheat visible showed a small decline of less than 600,000 bu; this leaves 358.5 million bu in all positions, which is 52 million bu more than we had a year ago. Corn stocks increased 472,000 bu, to a total of 85 million bu, whereas a year ago we had 90 million bu in this supply.

Trade was not particularly active. There was some easiness in the market early, but later on covering took place, and the weather may have had something to do with it. Temperatures in Kansas were low, and a thermometer reading of 26 below zero was reported at Goodland, which was the most severe shown since records have been kept. There are also some cold parts in Nebraska. Of course, a good many people feel that with the large supplies if we lose 50 million bu it would not make too much difference in the long run. Late in the session reports from the East claimed that India had bought a total of 4 cargoes of wheat. In beans, there was some narrowing of the spread between January and March. Corn prices were not greatly changed from last Friday, and even the cold weather which generally causes heavier feeding failed to attract much attention.

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CHICAGO, 4 January 6, 1959

The wheat market opened a little higher this morning and this was based on reports of sharply increased flour sales that were under way, also some additional export business. We did not see evidence of many hedges covered, so that actually the market was stimulated by news rather than by commercial buying. There are several reasons, of course, why this is the case. First of all, when there is a slack in export sales, as we have had for a period of weeks, scrip accumulates and exporters may cover part of their commitments through this source. Then, too, in the flour business some of the mills may have anticipated the sales which are now taking place or are willing to wait until they can make purchases of cash wheat in the country. According to The Southwestern Miller, a chain booked some flour as far ahead as 90 days, which would fill needs through May, followed by takings of 45 days by another big firm also through May. More business is likely to develop before long.

On the other side of the picture, we find that while country selling has not enlarged much since the turn of the year, one of the big cooperative companies in the Northwest has been a good seller of Minneapolis May wheat for the past few days, and it is thought that this originated from country stations, but in any event it has made for a more two-sided market. The government granted some large subsidies overnight and the total for all commodities was 4 1/4 million bu, of which corn alone accounted for 3 million. For the first time a little rye was sold for export and this could be the forerunner of additional business. We understand that both India and Pakistan are asking for offerings of hard wheat via the Gulf or Atlantic, and thus there has been definite improvement since the first of the year.

The record low temperatures in parts of the Southwest are followed by more moderate weather. A good part of Kansas has had sufficient snow-covering to protect the crop, although there are some exceptions in that state. In Nebraska, as we pointed out earlier, there was little or no snow to protect the plant. However, with the huge surpluses we have it makes very little difference whether the next crop is a little larger or smaller, and as we know the December government report showed that winter wheat had gotten off to a splendid start. In beans there are still heavy tenders circulating, with 2 million bu showing up in today's deliveries. A large percentage was stopped by a house that often acts for speculative accounts, but in any event hedgers are still buying January beans and selling March; there was a considerable trade this morning at a difference of 2 5/8¢ per bu.

New crop wheat futures are still struggling and in the absence of much new speculative buying, this is to be expected, as there are so many hedges in the July future that there seems to be plenty of wheat offered whenever small buying orders come into the pit. There is a growing interest in March oats even though the feed grain situation remains bearish from a statistical point of view. It appears as though quite a quantity of oats was being loaded out of Chicago, and we are told that there are large quantities still to be shipped from here. Exporters are apparently relying on the Chicago oats because of high quality and they may go mostly to the Atlantic but probably some also to the Gulf. Northwest oats are currently bringing a higher price for export than ours. Since the peak of supplies was reached some months ago, we have cut our Chicago stock in about half and the 3 1/2 million bu that are still here will probably remain in good demand.

Primary receipts of wheat were 1.2 million bu, which was about the same as last week and compared with 777,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 133,000 bu.

Trade was not heavy, but the wheat market was firm, and particularly old-crop positions. The weekly crop report spoke of some snow protection from the severe cold, but points out that in the low plains of Texas and eastward oat losses might be heavy as the plants had weakened from scanty moisture and close grazing. However, losses of wheat, barley and rye were expected to be light. The free stock of wheat in Chicago has been reduced to 9 million bu, and we expect further reductions that will justify a premium of March over May. Corn was very little changed, but higher premiums brought out a little more corn from the country. On the other hand country selling of all grains since the turn of the calendar year has been disappointing. Beans were not much changed, and there is not too much interest nor participation in the market.

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CHICAGO, 4 January 7, 1959

On many occasions we have been calling attention to the fact that the per capita consumption of wheat has been declining over a period of years. This is due in large measure to the better diets of the American people during periods of prosperity. For example, the consumption of meat during 1958 (according to preliminary estimates) amounted to 152 lbs, which was an increase of 3 1/2 lbs since 1947-49. The per capita consumption of chicken during 1958 was 28.5 lbs, or an increase of nearly 10 lbs per person. Since the food intake of the average person is limited, any increases in the consumption of meats, poultry, and vegetables would naturally affect the consumption of bread, cake, etc. On the other hand, we have probably reached a level now where the diminution of wheat may have reached rock bottom, and we think that henceforth there will be some improvement in the amount of flour consumption even on a per capita basis, but if we are incorrect in this, surely the over-all consumption will increase as our population continues its upward spiral.

Last year the consumption of meat showed a decline of about 7 lbs per person from the year before and a decrease of 14.7 lbs per person from two years ago. Therefore, it can be seen that the eating habits of our people are by no means constant. Furthermore, there are variations between beef and pork, depending on supply and relative costs, and last year, for example, the per capita consumption of beef was about 15 lbs more during the year than it had been in the 1947-49 period, whereas the consumption of pork had declined about 8 lbs. The crucial question at the moment is whether consumers will be willing to take an additional 6 or 7 lbs of pork per person in 1959 without severe price declines. As the above figures will illustrate, in recent years consumers have shown a tendency to shift from consumption of pork to beef, and should the corn-hog ratio remain favorable throughout the year, and should farmers expand corn production in 1959 due to the end of acreage controls, we might face some problems in this direction, although the real test of consumer-demand may not appear much before 1960.

Before our market opened this morning, there was not too much to guide it. Weather was of no great importance; some moisture is indicated, but will not be heavy in any district. Temperatures are about normal for this season of the year, and according to the weekly government report, the recent frigid spell was probably not harmful to the winter wheat crop.

We are in a period now when export business is increasing and there was an early report that Pakistan had purchased 3 cargoes of hard wheat, part from the Atlantic, and the balance at Gulf ports. India also purchased 4 or 5 cargoes of wheat, and on the Pacific Coast there was some business with Japan, part of which consisted of Manitobas. In view of the fact that we have cleared less than 200 million bu wheat and flour during the first six months of the crop year, we expect there will be equally as much, if not more, business during the last six months of the season. Therefore, we are fairly optimistic that old-crop wheat futures will gradually do better, particularly in Chicago, where the red wheat situation could become an important factor.

Primary receipts of wheat were 894,000 bu, which compared with 756,000 bu last week and 750,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 167,000 bu.

Right after the opening of the market there was a fair amount of May wheat covered against export business, also some March, but after that trade slackened materially, and the whole market was disappointing. There was some profit-taking by way of sales in March against May, which made the nearby delivery somewhat weaker, but the deferred months were barely steady. Reports from the Southwest spoke of slightly heavier sales from first hands. The corn market was without feature, and prices were lower. Moderate to fair amounts of cash corn were booked along the Illinois River, and sales were readily made to move this corn South by barge for export, but little of this rail corn was booked for Chicago. Beans were higher for a time, but the weakness in meal finally brought some selling into the pit. Not much attention was paid to the firmness in soybean oil. Fairly heavy tenders apparently are not having much effect on the carrying-charge spreads.

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CHICAGO, 4 January 8, 1959

At this season of the year, our attention is often drawn to the weather over the winter wheat belt, because if temperatures are overly severe, or if snow-covering is inadequate, the amount of winter kill could assume very big proportions. Over the past ten years abandonment has averaged 17%. Last year was one of the more favorable years, with winter kill reduced to 5.8%, and that resulted from adequate snow-coverage, a good start for the winter wheat crop, and relatively satisfactory temperatures during the winter months. We can recall in some years, which were, of course, extreme cases, when the abandonment ran over 30%. On basis of this year's seeded acreage of winter wheat, which the government gives at 45 million, it would, of course, make a big difference in the final stand of wheat. Early estimates, of course, are always somewhat of a guess. The government estimates that 8.4% will be winter-killed, and if this is the case we would lose 3.8 million acres of the 45 million that were sown. On the other hand, if we reach the ten-year average of 17%, it would mean that 7.6 million acres would be withdrawn from original seedings.

It is still too early to come to any very definite conclusions, and often the results are not known until we get growing weather in the spring. It is a fact that record low temperatures occurred over the wheat belt last week and some of the plant observers are uneasy over the possibility of damage from extreme cold. Taking Kansas as a whole, most of the state had temperatures for a day or two that ranged from 5 to 20 degrees below zero. Most of Kansas, however, had some snow-covering to protect the plant against this severe drop. A considerable part of Nebraska experienced the same cold weather but with little snow protection; therefore, there is considerable concern for that state, although we note that the state report issued this morning talked of alight snow-cover that provided winter crops some protection. However, areas in central and eastern counties, where condition of wheat and fall seedings was the lowest, had little or no snow-cover during the frigid period. Some further loss, they think, from exposure is likely, especially where topsoil was dry and porous. The Kansas weekly report was much more optimistic although high winds drifted the snow off some fields, especially in the northwestern quarter of the state where snows had been relatively light. Wheat plants were in a dormant state with generally hardy condition and no particular damage was noted to the crop. Snow-covering on the other hand which fell on the ranges and fields interferred with grazing and made it necessary for farmers to increase supplemental feeding.

It will be recalled that the government December estimate was for a winter wheat crop of 957 million bu. While this would be a big drop from the previous year, it would still be the fifth largest crop of record, and 17% above average. The report just referred to assumes normal weather, insect and disease conditions for the remainder of the crop season. As we mentioned before, during the last twenty years, the variance between December and harvest averaged 125 million bu, sometimes with improvement in the crop and other years deterioration.

Primary receipts of wheat amounted to 1.1 million bu; no comparison could be made with last week when there was a holiday. Receipts a year ago were about the same as today. Kansas City and Minneapolis stocks so far this week show a total decrease of 139,000 bu.

Trade was very moderate again. After some early weakness in the market, wheat prices recovered although the March delivery lagged behind the other months, and this future sold at only 4¢ over May which is the narrowest it has been lately. Some hedges were covered against commercial transactions, but otherwise there was no particular feature. Beans had a slightly better undertone. The carrying charge spreads have been narrowing and even the heavy tenders on January contract have had very little influence. Today there was some narrowing between March and May indicating a little apprehension on part of some people that country selling had not developed. Corn was firm, but there was no feature in the futures market. Spot corn, however, was fairly strong and the country selling to elevators along the Illinois River was reported to be on a reduced basis. Rye recovered from yesterday's weakness and with the nearby position at a premium over the deferred, it is indicative of comparative tightness, and we look for the market to do better. Oats were a shade higher but there was no particular issue in this commodity.

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CHICAGO MERCANTILE EX.

CHICAGO, January 9, 1959

There are two strongly opposing factors in the wheat market at this time. On the one hand, we have the very bearish statistical situation, and on the other, the artificial government price support program, which has already taken many hundreds of millions of bushels of wheat out of commercial channels. Until these differences are resolved, there are bound to be conflicting factors to influence traders. While the government has billions of dollars invested in inventories which were acquired through default, more than 75% of all the price support investment in these inventories and loans is concentrated in just four grains: namely, wheat, corn, grain sorghums, and barley. At the end of October, $6 billion was tied up in carrying these four crops. Of this amount, wheat accounts for more than half, with over $3 billion invested in this one commodity, and, of course, the figure will increase considerably when the 1958 loan entries are added to inventories, should defaults be heavy. Wheat is without doubt the chief problem-crop of all, but it is all part of the whole story with accumulations taking place all along the line.

It now appears as though the 1959 carryover for grains and related crops will total about 4 billion 400 million bushels. If that figure becomes a reality, the estimated carryover total would be nearly 40% more than last year's level, and an almost unbelievable 63% above the 1954-58 five-year average. Figures such as these stagger the imagination, and naturally make many people wonder where we are going to end if we pursue the same policies as we have in the past. Whenever price supports are set at uneconomic levels, uneconomic consequences are certain to follow. Price supports alone are not responsible for all the ills, of course. Modern methods and technological developments have resulted in rapid expansion in total farm output. Today we are producing almost 50% more on our farms than we did before World War II, and are doing it on fewer acres and with 30% fewer man-hours of farm work. Since the inception of loans in 1938, which were at a reasonable level to prevent disaster to farmers, we have had steady increases, which has all been a part of the inflation spiral. The farmer himself was damaged just as much by inflation as was anyone else. For example, in 1940, the cost to farmers for production expenses was $6.7 billion. This last year these same expenses were at an annual rate of around $24 billion, or nearly a fourfold increase in the last twenty years.

Before our market opened, there was not too much to guide it. Temperatures for the next five days should be somewhat above normal but not much precipitation is in prospect. According to Broomhall, there had been light to heavy snows over many European countries. Moisture was welcome and snows should protect the crop against frigid temperatures. Very little change in acreage is expected from a year ago, and this is true even of France where there have been planting delays. Weather in Italy is now clear but it has turned colder, which should check excessive winter wheat growth. Experts believe that there is some indication of reductions in the winter wheat acreage. There have been very favorable rains in India, and growing wheat is bound to benefit. Other crops are also being helped. Despite delays caused by rains, the grain harvest in Argentina is well advanced.

When the wheat visible supply is posted on Monday it will compare with a shrinkage last year of nearly 4 million bu.

Just before mid-session an item appeared on the broadtape stating that North India was faced with a threat of wheat famine, which had already produced scattered disturbances in New Delhi. Shipments of more than 800,000 tons of U S wheat in the last two months has helped to relieve shortages brought on by bad weather, but supplies are expected to remain low until March. This had a little bullish influence onthe market, but after the President's State of the Union message was delivered all grains declined. The President had asked for sweeping legislation to cut the government's nearly $6 billion outlay to support prices. In this connection it should be noted that nothing can be done until 1960 at least with respect to loans for wheat and corn, although in beans there may be a reduction. India had bought an additinal 4 to 6 cargoes of wheat, and there was some early hedge buying against this business. Denmark bought a cargo of soybeans for February shipment via the Atlantic. The corn spot basis was 6 to 6 1/2 over, but futures were somewhat lower.

UHLMANN GRAIN CO.

[illegible] at this time.

[illegible]

[illegible] of million bushels of wheat out of cont[illegible]
[illegible] cheap and hard to be [illegible]
[illegible] of [illegible]
[illegible] more than 75% of all the [illegible]
[illegible] is [illegible] in just four years, [illegible]
[illegible] At the end of October, [illegible] billion [illegible]
[illegible]
[illegible] in this one commodity, and, of course, [illegible]
[illegible] roughly when the 1954 [illegible] added to [illegible]
[illegible] Again, we must count the [illegible]
of all, but it is all part of the whole story with accumulations [illegible]
along the line.

It now appears as though the 1956 carryover for grains and related [illegible] will total about 4 billion 400 million bushels. If that figure [illegible] carryover level [illegible] would be nearly 50% [illegible] and an almost [illegible] 45% above the 1954-58 [illegible]

[illegible]

where we are going to end if we pursue the same policies as we have in the past.

If however price supports are set at uneconomic levels, uneconomic consequences are certain to follow. [illegible] supports alone are not responsible [illegible] of surplus. [illegible] Today we are producing almost 50% more [illegible] than we did before World War II, and are doing it on fewer acres and with 50% fewer man-hours of farm work. Since the [illegible], which [illegible] a reasonable level to prevent [illegible] farmers, we have had steady increases, which are all been a part of the inflation [illegible] by inflation as anyone else. [illegible] In 1940,

[illegible] expenses were at an annual rate of around $24 billion, or nearly a quarter [illegible] in the last two years.

[illegible] there was not too much to [illegible]

[illegible] is a [illegible]. According to [illegible] conditions. Moisture was [illegible] protect the [illegible] temperatures. Very little change in [illegible] planting delays. [illegible] Italy is now [illegible]

[illegible] in the winter wheat [illegible] They have [illegible] in India, and growing wheat [illegible] harvest in Argentina [illegible]

When the wheat [illegible] supply is posted on Monday it will compare with a [illegible]

[illegible] India was faced with a threat of wheat famine, which has already [illegible] Shipments of more than 500,000 tons [illegible]

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 12, 1959

Since the close of the market Friday, we have had a fair amount of grain news, mostly of a statistical nature, which we shall try to analyze. First of all, the Argentine wheat crop is calculated to approach 237 million bu, which would be 11% better than the year before and would compare with apreliminary estimate, which placed production at 225 million bu. Officials believe that this will allow about 100 million bu for export.

Late Friday we had the government report showing stocks of various grains held on farms. Corn stocks on January 1st reached a record high of 2.7 billion bu, which was 9% more than a year earlier and 27% above average. Stocks of wheat on farms were estimated at 457 million bu, which was second only to the record January 1, 1943 stocks, but still present farm stocks are extremely large and are 56% more than a year earlier and are 28% more than average. On the other hand, in analyzing this supply, it shows only about 165 million bu more than was held a year ago, while the crop was about 500 million larger. It definitely means that movement from farms was very good this season but, of course, there has been so much storage capacity added to the nation's total that we may find on January 26th that much of the wheat is still available even though not actually held on farms. Soybean farm stocks are estimated at 199 million bu, the highest of record and were 5% above stocks held a year ago, but are more than double the average for January 1st. Oat stocks on farms are estimated at 953 million bu, second only to the record January 1, 1946 stocks, and are 12% above 1958 and 17% above average. Sorghum grain farm stocks totaled 194 million bu, 6% less than last season but nearly four times average stocks for January 1st. There should be nothing particularly new in these statistics, in view of the large production figures we had earlier but yet they tend to emphasize the surpluses that have been accumulated.

The Department of Agriculture announced issuance of two authorizations to Yugoslavia to finance the purchase of $55.8 million worth of wheat under P. L. 480. Included in this quantity will be about 5 1/2 million bu soft red winter wheat, which may have been a somewhat smaller quantity than earlier anticipated, but yet in conjunction with nearly 2 million bu to be shipped to the Arab Republic, it means that there will be a demand for about 7 1/2 million bu, all of which may not be available from stocks presently held in the East. In other words, exporters may have to come to Chicago for part of this wheat. Another factor not mentioned but which we regard as important is that some of the soft red winter wheat mills had been opposing allocations for export. Now that they have become a reality, it may hasten domestic users to buy this class of wheat while supplies of high quality red wheat are available, and altogether we construe it as a little bullish on the old crop positions.

Other overnight news disclosed the fact that Norway had purchased a cargo of corn, also that the Continent had bought some parcels of corn, but elsewhere foreign business was slow, including flour sales. According to Broomhall the wheat harvest in Australia has been largely completed. Most private observers are of the opinion that the ultimate outturn will equal, and possibly exceed, the initial official forecast. That country has been selling fairly good quantities for export. Under our export program 50,000 bu of rye subsidy was issued to exporters.

Chicago wheat stocks showed a very moderate decrease for the week of 277,000 bu, leaving 9 3/4 million bu here. Corn stocks decreased 316,000 bu, but in oats nearly 700,000 bu were shipped out during the week, leaving 2.8 million here. Beans decreased 341,000, but the afloat stocks also went down 240,000 bu.

There was distinct weakness in the March wheat future, and part of this may have stemmed from the belief that the free reserve may be ample. Backspreading between old and new crop wheat futures was in evidence, with the result that July and September wheat were quite firm. Corn declined, and the spot basis was a little weaker. More corn was booked along the Illinois River. Beans were firm, and the carrying-charge spreads continue to narrow. It is difficult to estimate how much red wheat is east of Chicago. Some people feel that those stocks will be sufficient for the time being, and that the demand for red wheat out of here may not come until later.

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CHICAGO, 4 January 13, 1959

There is at the present time about $8 1/4 billion invested in the various price support programs, and of this amount more than 83% is invested in the six so-called basic crops. Actually they account for less than 25% of the cash farm income, so that in reality we are not spreading the help very evenly over our farm population. Furthermore, there are about 2 million farms that produce over 90% of all the products that are sold, and most of the benefits of our price and income stabilization programs accrue to these farmers. There are about 2.7 million farms which produce less than 10% of the total products sold and the operators of these farms receive little help, if any, from support programs.

For some time we have been advocating an entirely new farm program for wheat: namely, the Domestic Parity Plan, whereby direct subsidies would be given to farmers on a more equitable basis. We note that Secretary Benson opposes this plan very vigorously, and in a speech made this noon in New Orleans, he denounced any bill introduced into Congress that would give a direct payment to producers; that approach, he said, is certainly not a solution for the problem of American Agriculture. He stated that it was a long step toward a socialized agriculture, and that the costs and restrictive controls would endanger our entire political and economic system. We take exception to such thinking because we do not believe that subsidizing the Post Office over a period of many years, or the granting of subsidies to Railroad Companies in the pioneer days, or to the Airplane Companies at the present time has socialized or regimented our economy. We are not particularly in favor of any subsidy, but we do believe that if one is granted to farmers through a direct payment, it would be much more realistic and efficient than to afford an indirect subsidy in the market place by keeping prices artificially high, and later giving exporters a direct subsidy so that our surplus products can meet competition in world markets. Furthermore, under the direct payment plan, the operating costs can be kept under control, the free markets can be preserved, and we shall at least know the value of a commodity rather than to inflate it beyond its merit. If we are going to have hand-outs of any kind, we would certainly rather have them above board and directed to the proper places instead of having them hidden, with the result that our markets will continue to deteriorate and fail to serve their intended function. We have not improved our relations with friendly nations by exerting pressure in dominating foreign markets through the payment of subsidies and just recently Canada was much exercised over these operations. If we adopt the Domestic Parity Plan our acreage would be more or less regulated by supply and demand factors instead of limiting it by law. Furthermore, if prices decline in the world market, farmers would naturally find less incentive to raise large surpluses, so that many of the artificial factors that are presently with us would not have to be delt with through government-controlled methods.

The visible supply was a day late in being posted but wheat showed a decrease of nearly 3 million bu. Total stocks of 355.5 million bu are 53 million bu larger than last year. The U S corn visible increased over a million bu and the bean visible decreased 1.2 million bu. Today's primary receipts of wheat were quite large at 1.8 million bu which was considerably more than last week and also more than last year. Kansas City and Minneapolis stocks show a total decrease of 325,000 bu.

Today's wheat market was just about the reverse of yesterday. March wheat gained while the new crop futures lost. There has been some commercial buying of March during the last two sessions, and we are still inclined to think that tenders may be small next March if the demand for red wheat improves due to export buying. Meanwhile all commercial business is very slow. Chicago free stocks of wheat decreased 277,000 bu last week leaving 8 3/4 million bu here. Corn was weaker and it seems difficult to arouse much enthusiasm because of the bearish statistical situation in feed grains. Beans were firmer. There was some export business reported and the meal market continues very strong which is always a help.

Contract stocks of red winter wheat decreased 618,000 bu last week, leaving less than 4 million bu here. As an offset there was an increase of 349,000 bu in non-deliverable and/or ungraded stocks, indicating the transfer to other positions and this may continue, so in reality elevator contract stocks of soft red wheat are probably much less than the 3.9 million bu shown.

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CHICAGO, 4 January 14, 1959

Ordinarily at this time of the year we encounter considerable competition from Southern Hemisphere countries, and it is for this reason that bear markets are often the rule between January 10th and about mid-February. After that we run into the usual crop scares, but often they do not appear much before that time. We have not heard a great deal about pressure from Argentina, even though her crop is a large one and should be somewhat better than last year. The first official estimate places the outturn at 237 million bu compared with 213 million a year ago, and the 5-year average of 216 million bu. Australia has been seeking her share of the export market but, of course, as long as we have subsidies that are adjustable from day to day, we can meet a good deal of that competition, and experts in Washington still believe that even though our clearances have not been much greater than a year ago, we shall probably end up by shipping about 430 million bu wheat for the crop season. There were reports this morning that Formosa had purchased 2 cargoes wheat, consisting of 1 cargo of hard wheat and 1 of western white. Japan also bought a cargo of western white wheat, and a cargo of hard wheat, both for March shipment. In addition to this there were some transactions in Manitobas.

For the first hour or more the wheat market was extremely dull for all futures. There was not enough commercial business to give us real impetus, and weather is of such a nature that no one is particularly perturbed one way or the other. Chances are we shall have some light precipitation, both in the Southwest and over the Central States, which would be beneficial for winter wheat. It is doubtful whether the selling of wheat from first hands was as large after the turn of the year as some had anticipated. One observer in central Kansas still believes that if the market should advance several cents per bushel, it might bring out heavier supplies, but the extent of such selling is anyone's guess. There is also some talk that penalty wheat might be liquidated, but in discussing this with some of the producers who own this class of wheat, they say the penalty wheat may be carried indefinitely by the farmer as insurance against crop failure, by putting it under bond. Naturally the payment of $1.09 for the privilege of selling is a sufficiently high penalty to make any farmer think twice. One large farmer who was contacted said that he thought it was doubtful whether much of this wheat would be sold under these handicaps.

Flour business was extremely light and there are not many inquiries, which is understandable because the trade is rather heavily booked due to the previous large orders that were placed.

According to Washington comment, the Italian government's call for reduced wheat acreage is believed to have caused some cuts, although it is doubtful whether reductions may be substantial. The official price for soft wheat was reduced and there was also an announcement that prices would be further reduced in coming years, all of which seems to be the first decisive step on part of the Italian government toward getting acreage more in line with consumption. Heavy stocks of their soft wheat remain a problem. Some wheat of this type has been exported and the use of low-grade wheat for animal feed has reduced stocks, but despite this they still remain large.

Primary receipts of wheat amounted to 1.3 million bu compared with only 894,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 224,000 bu.

The wheat market was very quiet throughout the day. We had a spurt at one time, which was due largely to local buying, but best prices did not hold and reactions occurred. The bean market was higher for a good part of the session, and prices were up on covering and investment buying. Up to the present time heavy tenders on the January contract have not done much to widen carrying charges. The deferred months have been relatively weak on the possibility of a greatly reduced loan next season. Corn was firm, but without much feature. The spot market was 4 1/2 to 5 1/2¢ over. Recent declines may have improved the technical situation in the market, but still there has not been restoration of confidence, and therefore, the market continues without much trend. This was the seventh successive day that meal prices have advanced. The sharp upturn naturally had some effect on beans, but only for a time, and they finally lost all their early gains.

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CHICAGO, 4 January 15, 1959

There was no particular grain news overnight. The weekly crop reports are a little mixed. Subzero temperatures in Nebraska were said to have hurt wheat and other fall seedings in central and eastern counties, where surface moisture was short and crops had but light snow cover during the freezing weather. Oklahoma also had some bad spots. On the other hand, reports from Kansas indicate little, if any, damage from the recent low temperatures because most fields were protected by snow before the cold weather set in. Not much attention is being paid to crop development at this time. It is generally difficult to have more than a hazy knowledge of what is taking place, and we shall have to wait until growing weather sets in before determining the amount of winter kill. The abandonment this year is likely to be heavier than last, for at that time conditions were almost perfect.

There seems to be a good deal of interest centering around the situation with respect to our red wheat. Unquestionably, there are fair supplies in the East that will receive preference if there is any export business, because the wheat in those positions is cheaper but in our own thinking we do not depend entirely on export demand to reduce local stocks, as we feel that the reductions will be constant due to requirements of domestic users. Surveys have been made by reliable people indicating that a large amount of Indiana and southern Ohio wheat was damaged last summer, and the deterioration reached a point where it would not be satisfactory to use this wheat for domestic flour purposes. On the other hand, a fair export interest prevailed and some of this wheat has already been exported as feed, but still it is generally believed that the carryover of soft red winter on June 30th will be 20 million bu or less, which would be, roughly, 9 million smaller than the average during the past ten years.

Senator Talmadge has submitted a bill to place basic crops under direct subsidies. The government would make up the difference between the free market price and a predetermined parity by direct cash payments. Insofar as wheat is concerned, we think it would be an excellent idea to adopt such a plan. The mistake that we have made in the past was to try to serve all of agriculture with the same programs. Corn offers many differences in that 85% of the crop is fed. We doubt if the two-price system would work for grains other than wheat. Nevertheless, there is such dissatisfaction over the result of the present programs that we feel convinced that Congress will insist on making some changes. The Domestic Parity Plan as applied to wheat would, in our humble opinion, work well. Our experience has been that we have not increased our domestic consumption in proportion to the expanded production under the present program. With the farmer given every incentive to raise more wheat and receiving the same high price for his surplus, we would probably add about 200 million bu to our reserve stock each year even under normal crop conditions unless we make some changes in the present program.

Foreign Crop Summaries, according to Broomhall, showed wintry conditions over most of Europe. Conditions seem to be variable with some sections still cold, while others report moderating temperatures. Snows have been beneficial in places but much of the acreage lacks protection, with the result that alternating frosts and thaws are creating apprehension. There are a few crop complaints of importance in France, but it is feared that a sudden frost might result in extensive damage. Snow fall was heavy over most of Western Germany, particularly in southern sections, and crops are said to be satisfactory. In Argentina weather is now clear, which is helpful to harvesting operations. Corn prospects are satisfactory in most areas.

There was nothing much in the statistical news but U.S. wheat and flour export since July 1st totaled 207.8 million bu which is 8.4 million more than last year.

Old crop wheat futures were weak and there was some selling of them against purchases of new. Corn was quite indifferent and changes were relatively unimportant. Beans lacked the gimp which they had displayed yesterday, and the market was weak under selling pressure. Oats were firm and Chicago stocks continue to decline.

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CHICAGO, 4 January 16, 1959

Temperature drops were pretty general and the cold wave spread over the country rapidly, although temperatures in Kansas are not as severe as they are over the Central States' area. However, it probably catches a good deal of wheat land without much snow protection. It is this sort of weather that often determines the amount of winter kill and, consequently, the abandonment is either larger or smaller, depending on the severity of the winter, and also, the amount of snow covering which protects the plant during these frigid periods. The trade did not become too much concerned over this development for the reason that our carryover reserve of June 30th will probably amount to about 1.3 billion bu. Even if we would not raise a single bushel of either winter or spring wheat, it would still allow us, with the reserve on hand, to take care of normal domestic requirements, plus exports, and still permit a carryover of 300 million bu for the following year. Thus it is quite obvious that we are going to have plenty of wheat next summer whether crops are more or less than was indicated by the December estimate.

After the close of the market this evening, we shall have impounding figures, and while these will be fairly important, it should be remembered that there is still onemore month to go as the total calculation will have to take in all the wheat placed under support to the end of January. The figures tonight will only include impoundings to December 31st. There will also be in the report a figure on redemptions, which should be subtracted from the amount under loan to give us the quantity that has actually been taken out of the commercial stock. Some people believe that because high premiums have prevailed in parts of the Southwest, and even in the Northwest, the report to be issued later will not be very bullish in character. More than 75% of all the price support investment in inventories and loans is concentrated in just four grains. These are wheat, corn, grain sorghums and barley. At the end of October the total for these four crops was around $6 billion, and it is more than that at the present time. Cotton accounted for another $665 million and tobacco for $600 million. Wheat, of course, is the number one problem, and in our opinion deserves first consideration. If we do not change the present program, even with only normal production, we shall add about 200 million bu each year to the reserve, and this finally would be an untenable situation. More and more people are becoming concerned about the interference with normal marketing procedures when commodities flow to government instead of to market.

It was reported that Yugoslavia had purchased a cargo of number two red winter wheat for shipment via the Atlantic, and we understand that there are further inquiries for both red and hard wheat under the recent authorization.

Primary receipts of wheat today amounted to 1,380,000 bu, which was practically the same as last week and compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 303,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 4.4 million bu.

There was nothing very different in the news. Our guess would be that this afternoon's figures may show about 475 million bu net under government support after allowing for redemptions. On that basis we might have a total of 500 million bu for the full period. This may still give us a fairly close adjustment between demand and free supplies. Locals who were short covered a little wheat but the market was not up much, and prices did not fluctuate much. During the session it was reported that Manchuria was offering soybeans to Continental Europe at cheaper prices than we could sell for. On the other hand, we expect a bullish report on impounding figures, and many people are looking for a total next month of 125 to 150 million bu, so that today's figure may show close to 100 million bu. Rye statistics are rather impressive. More is still going into the loan and there should be a reasonable increase in today's loan figure over last month. Chicago does not attract supplies from other positions; in fact, there are moderate decreases taking place here, which we think in the long run is constructive to the long side of the market. There was a little buying of corn, and prices are not high enough yet to attract contry selling. The CCC has started its reconcentration program, which could bring about freer offerings on out-of-condition stocks from country bins. Otherwise, no news surrounding that commodity.

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CHICAGO, 4January 19, 1959

After the close of the market on Friday, USDA reported on its grain price support program, giving figures through December 31, 1958. There are ten commodities on which they reported, and with the exception of barley, there were larger quantities impounded this year than last. 489 million bu wheat had been placed under price support, which was far larger than the loan program of last year, although similar dates for comparison could not be given because the government has now changed to a calendar basis instead of using mid-month calculations. However, the present tie-up is about the largest in history and previous to this year's program, 1953 was about the banner year for total quantities under loan.

The trade, however, did not construe this report as bullish. First of all, there has been 25 million bu redeemed thus far, and larger quantities are apt to be taken out of the loan figure between now and expirationtime. Chances are that not over 500 million bu net will be taken out of the commercial supply, which some people believe is not enough to cause tightness, in view of the bumper crop we have raised. As far as soybeans are concerned, they showed 97.6 million bu impounded, and this is a record quantity through December 31st, and indicates that we may have as much as 125 million bu total under loan by the end of this month. Other figures were not regarded as particularly significant.

Taking the report by states, the largest amount of wheat under loan was shown for Kansas, where nearly 151 million bu had been impounded. Oklahoma was second, with 52.2 million bu under loan and Nebraska third with nearly 49 million bu. Texas had 40.5 million bu, and this is a large percentage of their crop. There was hardly any increase during the month for the soft winter wheat states and this was regarded as a little bearish, although in our opinion stocks of red wheat in Chicago will be in demand by the milling trade even if exports do not take much wheat out of here. Therefore, we still feel that the nearby positions should gradually do better.

Another item of interest this morning was the figure showing U.S. wheat and flour exports for the first six months of the crop season. An unofficial estimate was made for the month of December, but on the assumption that it is nearly correct, it shows 207 million bu cleared compared with 193.8 million bu last year. On this basis it looks probable that total exports for the season will about reach the government goal of 430 million bu, which has been mentioned so often and which earlier seemed to be a somewhat dubious figure.

There is one more factor that is very important, but which is agreat uncertainty. We are referring to the amount of penalty wheat, and in this connection the USDA has promised us that there would be a clarification made some time during January. It is altogether probable that many farmers rather than pay a penalty of $1.09 may carry some of this wheat into future crops as an insurance against smaller yields in the future. Should this occur, it would be a bullish factor whereas in the past many people have been bearish on the assumption that farmers would liquidate. Undoubtedly, some penalty wheat has been liquidated but it is doubtful whether quantities have been very large.

President Eisenhower sent Congress his $77 billion balanced budget, predicting that the Federal revenues rising under high personal income and corporate profits would total $77 billion. For the current fiscal year, ending June 30th, the President estimated record peacetime federal spending of approximately $81 billion, with revenues of $68 billion and a deficit of approximately $13 billion.

There was very little activity in the markets today, there were no export sales of wheat reported, and also no evidence of flour buying. According to The Southwestern Miller, spring and hard winter wheat bakery flour business was extremely light over the weekend, with indications that the same dull pace may persist for a considerable time. However, soft wheat mills are hopeful for a return for the better in bookings.

While we do not have the visible figures at this time of writing, wheat stocks in Chicago showed a decrease of 307,000 bu, leaving a balance here of 9,445,000 bu. Oats decreased 479,000 bu, while beans both in-store and afloat decreased about 300,000 bu. Primary receipts of wheat today totaled 3.1 million bu vs 3.2 million bu a week ago, and 2.6 a year ago. Spot corn was about 4 1/2 over, although some dry #1 yellow corn sold at 5¢ over.

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CHICAGO, 4 January 20, 1959

As we study the President's budget for fiscal 1960, we see nothing very startling in agriculture that should change a person's preconceived ideas for the immediate future. First of all, the loans for corn and wheat have already been established for next summer's crops. Even if there were new legislation, it would not relate to these commodities, at least for this year, although the soybean loan, which has not yet been established, will probably be at a lower level, but chances are that the government will not announce the loan price until sometime in March. It is now estimated that holdings of government-owned commodities will climb to a record of $9.1 billion by June 30, 1960. This would compare with $5.5 billion on June 30, 1958. The government would then have $10.5 billion tied up in farm surpluses by mid-1960, including $1.4 billion in price support loans expected to be outstanding on that date. As we have pointed out in previous letters, with the record wheat crop raised last summer, we shall probably add about 400 million bu to the reserve on July 1st of this year. Even if we raise only normal crops under the present program, we could easily add 200 million bu each year to the reserves, and, of course, a program of this character cannot long endure.

For the immediate future we see some improvement in export outlets, and late yesterday the Agriculture Department authorized the United Arab Republic to obtain $12.2 million of U.S. wheat with its own currency. Included in this total should be nearly 2 million bu red wheat. This comes on top of the authorization to Yugoslavia, so that we may figure that a total of about 7 1/2 million bu red wheat will be exported between now and next June 30th. This may not create a demand at the start for any supplies that are stored here in Chicago, but it should certainly strengthen the situation, and may also hasten activity on part of soft red winter millers to obtain their supplies, as they are bound to meet added competition. Finally we believe that it is constructive and may cause the withdrawal of some of the soft wheat stored here. We also understood that offers were being submitted on 30,000 metric tons of hard winters overnight to Greece. Pakistan will receive offers on 20,000 tons hard winter or soft white, and Yugoslavia inquired for a parcel of red wheat, early loading, but has not yet inquired for hard winters. All this suggests that there may be some hedge-covering shortly, at least to the extent that cash wheat is not immediately obtainable in export positions.

Fair quantities of moisture are expected for the Southwest with probably sleet or rain in Texas, but snow to heavy snow in parts of Oklahoma and Kansas. All this should be beneficial and was probably the reason that new crop futures lagged.

Primary receipts of wheat were quite heavy at 1,758,000 bu; this compared with 1,807,000 bu last week and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 88,000 bu. The U S wheat visible this week decreased 2.8 million bu, but total stocks are still 352.6 million bu, which is 29.8 million more than was held last year. Corn stocks in the visible increased 814,000 bu, and total in all positions is about 6 million bu less than last year. Bean stocks declined 367,000 bu, leaving 34 million bu in all positions vs 22.4 million bu a year ago.

Trade was not particularly active, but there was a better undertone in wheat, but this was confined to nearby months. We saw little evidence of hedges being covered against commercial business. Corn prices were a shade lower, and there was a little more corn booked than recently along the Illinois River. Dealers were still paying equal to 1 1/2 over delivered Chicago, but there was an inclination to sell the corn to go south to exporters at much better prices when barges were available. Beans were lower, and tomorrow is the last day for settling of January contracts. There was a little liquidation today, but the market generally was a very quiet affair. Chicago free stocks of wheat decreased 300,000 bu last week, leaving less than 8 1/2 million bu here. We still believe that while the weekly decreases have been small for the past few weeks, if the commercial business improves we will have heavier reductions here; this is apt to keep the nearby months comparatively strong, and chances are we will gain further on Kansas City.

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CHICAGO, 4 January 21, 1959

The bean market opened higher this morning, and this was largely in response to an announcement from Washington that the Agriculture Department will allow farmers to extend their price-support loans on the 1958 bean crop for an additional year. These extensions have been permitted for other commodities in the past, but it is the first time that soybeans have been affected. Ordinarily expiration would be May 31st, at which time the government would take title to beans that have not been redeemed but now the Department will permit farmers to reseal those beans which are in farm storage, and they will be eligible to receive storage payments of 16 or 17¢ a bu for the full year. According to the January 16th listings, there are about 34 1/4 million bu of farm-stored beans in the loan, in addition to which there are nearly 1 1/2 million bu represented by purchase agreements, so that fair quantities are involved in this new regulation, particularly as we do not yet have the final figures, and larger quantities can still be affected. Very often when large quantities of beans are defaulted, the government, after taking title, tries to sell out fair quantities on the market, but to the extent that there will be some reduction in offerings this is bound to have some market effect, particularly on the July future.

About the only other news we had overnight was the weather. Heavy rain, snow and sleet was pretty generally reported over the grain belt, including southwestern areas, some of which had been bare of snow protection prior to this time. Moisture was not heavy over the Texas Panhandle regions, but elsewhere we had about the best precipitation of the winter, and this, of course, will be helpful.

Overnight exports were larger and a considerable quantity of Manitobas were also sold, Greece and Japan having been the largest buyers. They did, however, take about 2 1/2 cargoes out of the Gulf, which comprised hard wheat, and this will be shipped between February 5th and 28th. France also purchased a cargo of amber durum wheat for March shipment. We heard from Canadian sources that some Canadian barley was sold to the U.K., and Japan bought both American and Australian barley. Later this month business to the Arab Republic is expected to develop, and some rather large quantities are apt to be taken.

There was a light opening trade here, and while wheat prices were firm there appeared to be little hedge-covering against the export sales. Corn was not much changed, and it seems difficult to develop too much interest in this commodity for the reason that feed grain production has set new records in four of the last 5 years. While it is true that livestock production is increasing in response to high prices and abundant supplies of feed, yet the supply of feed grains per animal unit has been rising steadily since 1951. This year it is a record--1.42 tons, an increase of 40% in seven years. Since livestock accounts for over 80% of all feed grains used, the question naturally arises as to whether the output of livestock will keep pace with the expansion in feed supplies. Consumer-demand for meats has not been too well maintained and government price supports for feed grains have kept feed costs from dropping substantially even when livestock prices have fallen. Under circumstances of this nature, we may find larger quantities of feed grains going under support, but for those livestock farmers who have to purchase feed these price supports have acted as a restraint on their operations.

Primary receipts of wheat were a little more moderate and amounted to over a million bu which compared with 1.3 million bu last week and 932,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 146,000 bu.

Trade was again very slow. In spite of the moisture, the new crop futures held pretty well, and nearby positions lost a little ground. There was very little flour business and the export sales did not bring any hedge buying into the pit. Beans were firm. We heard that CCC had sold some of their holdings to processors in Iowa at their formula price for 1957 beans, which is 5¢ over the county loan. Hedgers continue to buy the nearby months and sell July which meant weakness for July. Corn was firm, but there was little trade and actually no news. Purchases along the river were lighter, but probably due to adverse weather conditions.

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CHICAGO MERCANTILE EX.

CHICAGO 4 January 22, 1959

Farm liquidation during January was not as heavy as many people had expected, particularly in view of the large reserves which were on hand. There has been a fair amount of protein wheat sold for the reason that farmers obtained good prices for this type of wheat, but the supplies of ordinary continue to be rather tightly held, although there was enough increase so that some of the exporters and millers could get supplies without using the futures market. Chances are that fair amounts of scrip were purchased, but in any case we think that if clearances amount to 200 million bu during the period of January to June 30th, the market will be somewhat affected, and possibly more so than was the case during the first half of the crop season, when we exported about 200 million bu. Cash grain prices at interior points of Kansas are now lower than the loan even for proteins. Thus it is not surprising that producers have maintained a tight holding policy.

According to the state reports, the wheat crop in Kansas maintained a condition rated good to excellent, but in Oklahoma the hard freezes of early January left many wheat fields with a brown cast and fields that had not been protected by snow-covering reported some damage, particularly to the oat crop. A more complete evaluation must await warmer weather and resumption of growth. In Nebraska, winter crops showed further deterioration during the week in central and eastern counties, where dry conditions persisted and low temperatures were said to have been harmful. Since reports were compiled there has been rather widespread moisture, mostly in the form of snow, so that even though there may have been some winter kill, conditions are probably better now, and the winter wheat crop will be able to withstand further severe temperatures. In any case, the outlook is undoubtedly not as optimistic as it was a year ago at this time.

According to Broomhall weather over muchof Europe has been mild, and much of the snow-cover has disappeared, and, in fact, there was some flooding in low areas. Thus far there have been only a few complaints but lack of snow protection with alternate frosts and thaws pose a threat, according to this authority. Attention is called to the fact that severe frosts two years ago took a heavy tool of crops in some European countries. On the whole, crops still have a good appearance in France, although flood conditions are bound to cause some damage. Winter wheat in Germany still promises well, but the outlook for rye is less optimistic, with the condition said to be below that of a year ago. Weather is generally mild in Italy but crops have a good appearance except in the South. While application expiration for loans is January 31st, except for corn, the paper work must be completed by that time; therefore, the last-minute rush does not always permit farmers to place their grains and beans under support, except that in the case of purchase agreements, these may be taken out within five minutes before the close of business on the last day of January. Some ASC offices report that people have been lined up in Central Illinois, 4, 5, and 6 deep, waiting to make loan applications on beans. Thus we feel that the final figures for this commodity, as well as for wheat, may show substantial gains over the last report.

Primary receipts of wheat amounted to only 860,000 bu, which was about half as much as last week, and compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 211,000 bu.

Trade was again very slow. About the only export business we heard of was the sale of 6,000 tons of hard wheat to Pakistan via the Gulf, but wheat futures were nevertheless firm. There was a little short covering on part of locals, and some buying of futures by a mill, but it was very light in character. It continued to be slow in the milling trade. March beans were sold today against purchases of later months. The deferred futures were up to some extent, and probably were influenced by the great strength in meal, with a good many seasonal highs made. We heard that Morocco was asking for offers tonight on a cargo of beans for April shipment. November beans were posted, and at 3¢ under September look attractive. Corn prices were firm; there was no special feature in this pit, but country offerings continue light and small buying orders are having a little influence on the market due to lack of pressure. March oats were higher and we think they have merit with Chicago stocks declining. March rye was likewise higher.

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CHICAGO, 4 January 23, 1959

The world output of farm products in 1958-59 is forecast at a record level of 113% of the 1952-54 average and 133% of the 1933-59 average. All major regions except West Asia and Eastern Europe contributed to the increase this year. The production per capita is up from last year in the Western Hemisphere, Western Europe, the Soviet Union, the Mainland of China, Africa, and Oceania, but in the Far East, except the Mainland of China, production gains only equalled population gains. Present forecasts restore per-capita production to the record reported two years earlier and 3% above the prewar record. Thus with a dynamic growth in population, the output of farm products is keeping up. Production this year was favored by good growing conditions in many parts of the world, coupled with continued improvements in techniques in various areas.

The USDA predicts that consumption of most farm products will increase this season, although not as much as supply. The demand for food continues strong. However, the protection of domestic farm prices rather than low income or balance-of-payment difficulties is the main factor limiting the demand for imported food by the industrialized countries. Although it is contemplated that world agricultural trade may be maintained in 1958-59, stocks of several important commodities, including wheat, rice, feed grains, cotton, and coffee are likely to be larger at the end than at the beginning of the season.

Broomhall mentions that France is making great efforts to move large quantities of feed wheat into export channels, but on the other hand France requires important quantities of milling wheat from abroad, owing to the comparatively low quality of last year's harvest.

Our wheat export program under P.L. 480 has been of considerable concern to Canada. With Congress pushing the Agriculture Department to extend use of P.L. 480, sources in Canada are contemplating that many markets will be more demoralized by the operation of this law.

The Brazilian Minister of Agriculture has estimated wheat production of that country in 1958-59 at 700,000 tons, which would be more than the 450,000 tons raised the previous season. The same source is forecasting that at the end of the present administration, Brazil will be producing one million tons annually.

Secretary of Agriculture Benson declared Congress must either give wheat farmers more freedom to produce and compete for markets or impose rigorous new production controls. The choice between relaxed planting controls and severe production curbs is expected to be offered to Congress in President Eisenhower's farm message next week. Of course, if any new program is developed it must be borne in mind that the minimum loan price for 1959 has already been established.

It is now estimated by the USDA that for the entire marketing year bean crushings probably will total 390 million bu, and exports 85 million bu, which would indicate a carryover of around 90 million bu on October 1, 1959. This would be nearly 70 million bu above a year ago, and about 15% of the 1959 crop. Next summer CCC probably will be a supplier of beans, and will hold the major part of the carryover of the 1958 crop. Under the circumstances it would appear that processors' needs could be supplied by CCC and thus minimize their drawing on Chicago stocks. The downstate Illinois price is still less than the support level, so the market has some room in which to move. On the other hand, if we do not make sufficient inroads into Chicago stocks carrying charges could widen.

There is still very little flour business passing. The only export business we have heard of so far is that Israel bought two cargoes of hard wheat out of the Gulf, while Pakistan is asking for offers tonight on 30,000 tons. The main feature in the wheat market today seemed to be of a spreading nature, and there was considerable buying of May futures and selling of September attributed to one of the locals, and there was also a fair amount of buying in July wheat, as well as short covering.

Primary receipts of wheat today totaled 1,093,000 bu vs 1,380,000 bu last week, and 1,414,000 bu last year. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 5,587,000 bu last year.

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January 26, 1959

This writer attended the National Soft Wheat Millers Association meeting at Louisville, Kentucky, last Friday. Those people were primarily interested in the statistics relating to soft wheat, and one of their main speakers was Mr. Clifford G. Pulvermacher, who is Assistant to Deputy Administrator, Price Support, Commodity Stabilization Service, in Washington, D.C. He pointed out that during the first six months of the crop season, exports of red wheat had amounted to 24.7 million bu, which was nearly three times as much as shipments had been a year earlier. It was also surprising that sales to hard-dollar customers had totaled 13.8 million bu, indicating that the demand for soft wheat had been particularly large, even in cases where they had to use dollar exchange and were not able to finance it on basis of their own currencies. A year before exports during the same period for dollars had been less than 1 1/2 million bu. He pointed out that we could not definitely count on the same proportion of exports during the second half of the season, and felt that total soft red exports this entire crop year, including flour, would probably not exceed 46 to 48 million bu.

However, if figures of this type materialize, and if domestic disappearance amounted to 135 to 140 million bu, we would end up with a carryover next July of from 14 to 21 million bu. This would be somewhat larger than the reserve stock of 7 million bu that we had on hand on the in-coming crop. On the other hand, it is certainly not an excessive amount of wheat, taking into account that the ten-year average reserve was 28.6 million bu. Furthermore, we have at the present time about 18 to 20 million bu soft red winter wheat under loan. Some of this, of course, may be redeemed before expiration date, but in any case it does indicate that we may again have a very close adjustment between demand and free supply. Actually, government market agencies are holding down allocations on red wheat in order to avoid extreme tightness, such as occurred 2 1/2 years ago when shipments of white wheat attained such volume as to exceed the free supply. As a result domestic prices rose from $2.11 1/4 on July 15, 1956 to $2.65 1/4 per bu nine months later.

The Department now has a policy to define surpluses by classes, and they learned a year ago that the request for soft red winter wheat under P. L. 480 substantially exceeded estimated available supplies, which resulted in tremendous premiums of old crop over the new. It also meant that domestic millers had great difficulty in getting their supplies except by paying big premiums over the future. The allocations that have been made recently of soft wheat have not yet resulted in large takings from either Yugoslavia or the Arab Republic. However, we have little doubt that these countries will satisfy their anticipated requirements in due course of time, and the chances are that export purchases of soft red during the last six months of the crop year will run somewhere in the neighborhood of 11 to 13 million bu.

We had the crushing report this morning showing 34.4 million bu beans processed in December, which is a record for all time, and compared with 28.4 million bu a year ago. Meal stocks declined during the month and were also smaller than last year. Total crushings for the season were 101.4 million bu. Stocks of beans dropped to 98.6 million bu as compared with 106.6 million in November.

Chicago wheat stocks showed a little heavier decrease for the week, declining 565,000 bu, and leaving 8.8 million bu here. Local corn stocks showed a small decrease, as did beans. We also had a decrease of 169,000 bu in the afloat stocks of beans, so that taking all data together we have 12 1/2 million bu remaining here.

After the first upturn in wheat there was some local selling, but the market held reasonably well, and most people recognize now that there is still a lot of export business to be done, and there is not such a bearish sentiment as prevailed a few weeks ago. Soybeans were somewhat higher today. We heard that CCC sold 440,000 bu in Iowa on Friday, making the total a little over one million bu. Commission houses were the best buyers of meal, and this was based on the Census Bureau report showing a reduction of 26,000 tons in soybean meal stocks. There was even a larger decrease in cottonseed meal stocks. Corn was firm for a time, but some liquidating orders came into the pit. After the close of the market today we shall have a government report showing stocks of grains in all positions as of January 1st.

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CHICAGO, 4 January 27, 1959

After the close of the market yesterday, the government reported on stocks of grains in all positions as of January 1st. Wheat stocks totaled 1,816 million bu, which was the largest of record for that date, and almost a third larger than the previous year, and 59% above average. Current stocks were less than October 1, 1958 stocks by 325 million bu, indicating a rather sizable disappearance for the quarter, but, of course, this included exports. More than three-fifths of the total stocks were either owned by the government or were under government loan, which is further indication of the very artificial situation that we have.

Under our present program, where loans are kept at high levels, impoundings are, of course, extremely important, and this, in our opinion, will finally give us a clue as to what the market will do between now and next harvest. Additionally, however, it should be recognized that the urban population, and in fact, all taxpayers are paying heavily under the present system. First of all, consumers are paying more for the goods they buy when prices are held artificially; secondly, the taxpayer pays again when wheat or flour is exported by virtue of the fact that a subsidy is needed to get these products back to the world level. Then, of course, there are other charges, such as storage, which is taking about $30,000 per hour from the taxpayer's pocket, and the other costs and losses entailed when various products are sold as compared with prices paid in taking them over from the farmer. One estimate which we saw recently was that total losses since the program was first introduced amounted to $50 billion, and the heaviest costs have been in recent years. For example, in 1956, government losses amounted to about $2 billion.

Corn stocks in all storage positions January 1st amounted to nearly 4 billion bu and were 315 million above a year ago. First of the year stocks have been increasing annually since January, 1952, and are now two-thirds larger than at that date. Altogether stocks of wheat, corn, barley, sorghum grain, and soybeans in all positions on January 1st continued at record levels. We had 469 million bu beans shown in yesterday's report, which was 23% above a year ago, and this was the previous high. Farm terminal, processors and mills, elevator and warehouse stocks were all above January 1, 1958, and a record for that date. However, the disappearance for the quarter was probably about 13 million bu more than during the previous year.

It was reported that Israel had bought a cargo of corn and probably a cargo of western white barley, together with someManitobas. Otherwise commercial interest was light. Some restraint on shipments may be due to a relative scarcity of vessel space for early shipment. In the Southwest, there was some moisture overnight, the heaviest snows being reported in Colorado, but traces up to 3 inches in other localities. Some pickup occurred in southwestern marketings, although volume was not enough to be an important factor. According to The Southwestern Miller, a Nebraska Panhandle interest liquidated a round lot of ineligible wheat, all of which was absorbed at interior points. We still doubt whether farmers will market too much of this penalty wheat for the reason that after paying the government $1.09 a bu, there is not too much profit left; consequently, there may be a good deal held back as insurance against failure crops in the future.

We heard of no export business overnight and flour business remains rather dull. Markets acted as though they had no incentive, and fluctuations were within a rather narrow range. The CCC accepted bids on about one million buof corn and about 350,000 bu of oats. Cash meal was a little easier, and this was reflected inthe futures price.

Primary receipts of wheat totaled 1,106,000 bu vs 1,758,000 bu last week and 1,347,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show an increase of 43,000 bu. The visible supply of wheat was posted too late to be included in our letter of yesterday. Wheat showed a net increase of 2,358,000 bu for a total of 355 million bu, or about 62,579,000 bu more than a year ago. The bean visible showed a decrease of approximately 1 million bu, but there is still 10 million bu more than a year ago at this time.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 28, 1959

There can be no doubt that wheat is the number one agricultural problem facing the nation at the present time, and it is getting more attention on part of farm organizations, members of the legislature, as well as the administration. After many years of different programs, including high price supports, the problem remains far from a solution and is progressively deteriorating. It should appear to every thinking person that acreage controls will not keep crop production down as long as price supports encourage growers to step up their output on the remaining land. By applying modern techniques farmers have found the solution of increasing the yield per acre. Last year with favorable weather we had the largest yield ever produced in this country. Since support levels make operations of the less efficient farmer profitable, it would seem that such a program would always be at a level to force production controls on the more efficient and aggressive producers. The Secretary of Agriculture recently warned that we either had to have lower price supports or have more vigorous acreage controls. The more controls we have, the more we destroy the free enterprise system and deter free markets from fulfilling their functions. In our humble opinion the Domestic Parity Plan would cover the two points raised by Secretary Benson, and would leave farmers free to finally decide on the acreage to be placed to wheat, plus moving the crop into consumptive channels rather than into government possession.

Broomhall's Foreign Summary says cold weather with frost was experienced over large areas of Europe, following a mild spell. The effect of the present weather cannot be satisfactorily appraised at the moment, but some fears are expressed that damage will occur over parts of Europe. Most areas have adequate moisture, but the principal need is for a protective snow blanket. Considerable concern is noted over the changeable conditions and the fear that the cold snap may have caused losses. This seems to be quite generally the comment throughout Europe. Seasonable conditions in Italy and the general crop outlook is satisfactory apart from the southern areas where fall planted crops got off to a below normal start.

In this country the government reports that, despite a week of storms, small grain prospects changed very little last week. Precipitation during that period was too light for substantial benefit to dry surface areas of the Southern Great Plains, and the beneficial effect of snow in the central area was somewhat reduced due to high winds which swept many fields clean. However, it is also too early to make any appraisal in this country until growing weather sets in later in the season.

The railroads of this country seem to be very much more alert to the competition from trucks and from water, and one official of a large railroad system said that the large railroads are preparing to cut rates to meet competition of shipment through the St. Lawrence Seaway.

According to our office in Kansas City, the past few days saw a slight build-up in offerings onpart of the country, but still not in any burdensome amounts. Recently the CCC have made some swaps with interior elevators, whereby they are selling out the protein, or premium wheat, and taking the ordinary instead. There is still no flour business of consequence. It was reported today that Yugoslavia bought two cargoes of red wheat and Germany about three cargoes of #2 hard. There was some evidence of hedge-lifting early in the session, but as a whole markets were again on the quiet side, without too much interest being shown. Japan also bought two cargoes of white wheat out of the Pacific Coast, but of course these latter sales never find any reaction in the Chicagomarket. Some of the flax crushers have changed over to crushing beans, and this has caused some sell-off in the products, and at least temporarily easing the demand for meal.

Primary receipts of wheat today amounted to 931,000 bu versus 1,089,000 bu last week, and 960,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show an increase of 105,000 bu.

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CHICAGO, 4 January 29, 1959

President Eisenhower presented his farm message to Congress today, urging the abandonment of the excessively expensive farm price supports, conceived in depression and war, and the adoption of a new program keyed to prosperity and peace. He pointed out that by the start of the new crop year, July 1st, the government would hold more than $9 billion in farm surpluses, and that the huge stock of government wheat was so large that if America failed to harvest one bushel this year, the surplus supply was more than enoughfor domestic use, export sales, foreign donations, and needed carryover for an entire year. The President's message was accompanied by a memorandum from Secretary Benson, calling for alternative proposals for wheat. The Secretary said the preferable approach would be to give wheat growers a program that would permit them freedom to produce and compete for markets. He said this could be done by basing price supports on a percentage of average market prices of the immediately preceding years, eliminating all acreage allotments and marketing quotas, as soon as price supports are adjusted. The alternate program would be retention and tightening of present controls, but if this should be the program, some changes are needed: namely, price supports based on a percentage of average market prices of the immediately preceding years, eliminationof the provision allowing any farmer to produce and market up to 15 acres of wheat, permit all wheat growers to vote in the marketing quota referendum, base compliance on acreage allotments on a planted rather than a harvested basis, increase the penalty rate for over-planting to a point that will stop this practice, eliminate the 55 million-acre-minimum to allow adjusting the acreage to the amount of wheat that could be sold under the price support that prevails, and consider allotments on a bushel instead of an acreage basis.

The President was specifically critical of some of the plans which have been suggested, such as the so-called Domestic Parity Plan, stating that it would make virtually all farm people dependent for a large share of their income upon annual appropriations from the Federal Treasury. However, on this particular feature, insofar as wheat is concerned, we believe it is more preferable to make a direct payment which is known to everyone rather than the indirect subsidies which exist under current support programs, and which would probably be continued under the suggested Presidential program.

The weather forecast suggests that four inches more of snow will blanket Nebraska and much of Kansas by tonight, with scattered showers and thunderstorms due over Oklahoma and snow over the Panhandle and South Plains of west Texas. Moisture will be very welcome as most of the state reports from the Southwest point out that moisture of last week was welcome but accompaning winds caused snow to pile up along various roads and reduce benefits. From our own offices in Oklahoma, conditions in the southwest and central counties are rated from poor to fair, while the condition is much better in the Panhandle area. It may be summed up by saying that crop prospects in Texas and Oklahoma are still good but at the moment far from last year's bumper outlook.

As this is the last week for applications to be made for wheat loans we have checked up with offices in Kansas and Colorado. Most of them advise that there does not seem to be too much excitement or activity on the last-minute loan applications, but understand that in Colorado there was a large volume this week, while Great Bend, Kansas, advises that all offices in that area are swamped with loan applications, and it is felt that some may not have time to get through. That particular area advises that all elevators have been busy during the month issuing warehouse receipts. Salina, Kansas, reports there has been quite a rush for wheat loans the last few days.

The President's message had no effect on the grain markets, particularly with reference to wheat, as the minimum loan rate for this year's crop has already been established. Flour business remains very dull, and there were only two cargoes of red wheat reported sold to Yugoslavia. The commercial demand is not large enough as yet to create any real interest in wheat. Subsidies were granted on about 670,000 bu of corn, and about 75,000 bu of oats.

Primary receipts of wheat today totaled 1,119,000 bu vs 860,000 bu last week and 1,460,000 bu on comparable day of last year. Kansas City and Minneapolis stocks so far this week show a total increase of 522,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 30, 1959

President Eisenhower's farm message to the Congress yesterday was disappointing, to say the least. For three decades this country has been experimenting with artificial farm programs that have challenged the very heart of our agricultural economy. According to the government's own figures, total costs of these various programs have amounted to about $50 billion. In the years 1921 to 1928, our average carryover of wheat from year to year was 128 million bu. By next summer we will have established a tenfold increase without actually helping the farmer except to the extent that loans at times were higher than the market. On the other hand, it could well be argued that without these surpluses there never would have been these severe problems and that, therefore, natural forces would undoubtedly have given us higher markets for our products if these supplies had not been built to abnormal proportions. We still believe that any program, whether it is based on parity or some other formula, will not be the solution if the general price level is held higher than is warranted.

We, as grain men, have every reason to desire that producers receive the highest possible price for their products. We say, however, that the market may not be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself, and without detriment to the general welfare. As surpluses pyramid they naturally exert a depressing influence on prices of current crops and when these surpluses are stockpiled by the government and withheld from commercial channels, the situation becomes worse and worse, because prospective purchasers know that it is merely a question of time until the inevitable liquidation of such surpluses must take place.

We agree with this administration that broader markets would be desirable, but we doubt whether our exports can be expanded much beyond 430 million bu per year, (which is almost four times the amount we shipped before the war) without cutting heavily into the export programs of other agricultural countries, which also need markets as an outlet for their surpluses. As our Mr. James S. Schonberg pointed out yesterday, the entire corn crop except the 5% that is exported depends primarily on animal feeding. In the case of wheat, we are exporting about 70% of the amount that is domestically used; therefore, the approach of any support laws should not permit the whole crop to sink to the world level. It is our general conviction that a direct subsidy to wheat farmers in the form of compensatory payments would avoid low income to farmers, whom we are trying to help. Yet it would not result in a loan to an extent that we would first raise wheat prices in the market place and then pay an export subsidy to bring the price back to a world level. In other words, it would merely be a shifting of the subsidy payment but would be more realistic and keep the government out of business.

The CCC Office in Chicago is a large organization which often competes with grain men. About 700 employees near Chicago are handling this business and there are about 500 in their office in Dallas, not to speak of the many hundreds in Washington and in other parts of the country, which is a tremendous drain on the taxpayer, but which is seldom mentioned. These administrative costs are lost sight of by the much higher expenditures of handling and shipping of grain from one part of the country to the other and the losses incurred in making room for the accumulations, not to speak of storage charges.

Statistics did not count for much today. Of the 1, 815 million bu wheat stocks in the country, 1, 254 million bu or 69% is owned by the CCC, and the proportion will be greater as we consume larger quantities of the free wheat.

About the only firmness today was in wheat and rye. Meal prices were steady to a shade higher on local and processor buying, but apparently this did not help beans and the market drifted lower. Corn was also weak, and the recent selling of government stocks has put a damper on trade buying. The CCC corn moving from the country on their reconcentration program is gradually showing up in large amounts in Chicago. The agency seems to be selling out everything regardless of grade that is 13 1/2% or more moisture, also everything that grades lower than No. 2. The firmness in wheat came in a very dull market where there was no pressure, but commercial business is still on the slow side except that Yugoslavia bought one cargo of 2 red wheat, also a cargo of 2 hard wheat via the Atlantic. Flour business was extremely slow.

The overnight moisture was disappointing in the Southwest.

UHLMANN GRAIN CO.

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CHICAGO 4 February 2, 1959

After the close of the market on Friday, new parity prices were published based on January statistics. However, wheat parity dropped 8¢ per bu, where ordinarily with higher living costs one would have expected a small increase. The reason attributed to the sharp drop not only of wheat, but of other commodities, was that the Department of Agriculture adopted a new formula. Mr. Benson's authority to make these changes at this time seems to stem from the fact that under the Agricultural Act of 1938, he has at his sole discretion the power to make such changes, so that his determination shall be final. It should not, however, make any difference with respect to next summer's wheat loan, which has already been established at a minimum, but psychologically we knew it would have a bearish impact on the market, and actually, it was about the first revision of the parity formula since 1950. The most important change in the USDA method of figuring parity was due to the fact that a different index was used to measure the price that farmers paid for the products they bought. Statisticians decided to place more importance on prices for feed, farm machinery, building materials, fertilizer, and other business needs, with resultant less importance on food, clothing, and household goods. Officials also expanded the list of items and services paid for by farmers to a total of 389 items, which was a net increase of 49. Included for the first time, for example, were used cars and trucks. These revisions had the effect of reducing the index of farm costs.

As we have mentioned on several occasions, in our opinion the whole concept of parity is built on a false premise. It has ignored the technological revolution which has taken place in this country; therefore, any attempt to balance a bushel of wheat or a bushel of corn, or for that matter, a bushel or a pound of any commodity, against purchases made by farmers, has failed to take into the reckoning the rising output per acre which has developed during the past two decades. Wheat is our number one problem. The harvested wheat acreage has been cut by over 20 million acres since 1949; yet under artificial pricing, combined with good weather, we nowhave by far the greatest wheat surplus in all history. By 1960, the carryover of wheat will be about 1 1/2 billion bu, which would be a sufficiently large amount to supply our normal domestic requirements for 2 1/2 years. The controls applied thus far have been a failure. Even under the loan system farmers do not share equitably in the returns. Two-fifths of the farms with wheat allotments have 90% of the allotted acres. At the present time 85% of our federal inventory of farm commodities consists of just three crops: namely, wheat, cotton, and corn.

Overnight weather news was quite favorable with a moderate amount of moisture reported in southwestern areas and snow in Kansas and surrounding states was as much as 2 to 5 inches, while the forecast is still for some moisture in the Panhandle by tonight or tomorrow. There was an early report that Yugoslavia had purchased a cargo and several parcels of red wheat via the Atlantic. The Continent bought some parcels of oats and Japan a small parcel of soybeans.

The Santa Fe report, while admitting a better crop condition than a month ago, stated that the 1959 winter wheat crop did not have the excellent condition shown early in 1958, which resulted in record production. Some damage because of extremely cold weather in January was reported.

The visible supply of wheat decreased 1.8 million bu leaving 353.2 million bu in all positions, but still 63 1/2 million more than last year. Chicago stocks decreased 316,000 bu. The U.S. bean visible decreased 1.1 million bu, leaving 31.8 million bu in various markets, but still 9.8 million more than last year. In Chicago the decrease was 430,000 bu.

Trade was again very moderate. Wheat futures showed little recovery from the low point of the day but there was some buying of new crop futures because of reports in the country indicating a poorer crop prospect than last season. Beans held fairly well for old crop months, but were sharply lower for the new. This was due to the change in parity figures. Corn prices held up reasonably well even though receipts were a little heavier, but they had been running so low that improvement came not unexpectedly. The stocks of beans in Chicago will probably decrease more slowly from now on. Demand is not particularly good, and we look for carrying charges to widen. Oats are influenced by heavier receipts here and the quality is not running uniformly good.

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CHICAGO, 4 February 3, 1959

The upsurge in population continues and works under the formula of multiple progression as new babies come into the world at an ever-increasing rate. The big recording clock in the Department of Commerce shows that 8,000 births are reported daily, which is at the rate of nearly 3 million persons every year. Our population now has reached a figure of 175 million, which is a record, but within five years it is expected that we will have over 190 million people in the country.

Figures such as these assure good markets for our agricultural products but this is only one side of the story. Technological developments have also produced more goods and the end is not yet in sight. For example, egg production is up 60% in 20 years. Turkey production has more than doubled in 10 years and is almost three times that of 20 years ago. Broiler output is 4 1/2 times as large as it was 10 years ago, and 20 times greater than 20 years ago. Cattle numbers probably approached a new high as of January 1st, while the calf crop is up some 23% in just 10 years, and up 47% in 20 years. The spring pig crop may be 4% larger than it was 10 years ago and will show about 11% increase in 20 years. Livestock and livestock products make up 58% of the income from marketings of farm products and are one of the brightest parts of the farm picture. There are no production controls imposed by law; the only price supports are for three manufactured dairy items. All of the products sell in the markets and move into use except for a comparatively small amount of the dairy products.

We shall not go into the grain surpluses at this juncture because they are too well known and have been well advertised. Suffice it to say that agriculture has not only kept pace with population growth but has far exceeded it up to the present time. What the farmer needs is satisfactory markets and outlets for his products. This in our opinion will not be resolved under a system of artificially high supports, which only tend to restrict consumption, and which discourage exports except through give-away programs or by the ill-regarded subsidy, which is paid indirectly instead of to the farmer over the counter in a manner that should be well known to every citizen and to the taxpayers in particular.

The U.K. bought a few parcels of corn and Yugoslavia took 3,000 tons red wheat. In addition, Pakistan and India are asking for offerings so that more export business may develop shortly. Some moisture has fallen over the Central States and light rains or snow will occur over parts of the Southwest but probably light in character.

Mills submitted offers on relief flour for donation and the awards may be granted by Friday of this week. The feed situation emphasizes large carryover reserves at the end of the current season, with probably 1,800 million bu of corn, a new record, and despite heavier disappearance of sorghums, a reserve stock of some 500 million bu is in prospect for October 1st. Record carryover stocks of oats and barley also seem likely.

Primary receipts of wheat were nearly 1.3 million bu, slightly larger than last week but smaller than the 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total reduction of 457,000 bu.

The wheat market was fairly firm. May wheat gained more than other months. Some hedging and liquidation in March caused relative easiness while the new crop months lagged a little due to additional moisture Southwest. However, the government weekly crop report was not overly optimistic and would lead us to believe that later on we will have some crop scares which were almost non-existent a year earlier. Beans were firm although carrying charges showed a tendency to widen slightly. Processor interests were buyers of March and pressure generally was light. Corn prices were firm, particularly for the March delivery. The market was rather narrow and the spot market was quoted 3 to 5 over with top prices on CCC corn of low moisture test. Oats recovered part of their recent loss, and rye prices firmed; a better sentiment prevailed.

It is now becoming apparent that the exports of wheat are running well ahead of last year so that the goal of 430 million bu may be met. To date wheat and flour shipments total 233 million bu which is about 19 million greater. Since October 1st the clearances of corn are nearly 70 million bu which is only slightly more than last season. Our barley exports are well above last year and are nearly double those of 1957-58, and rye is also running well ahead of last season.

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CHICAGO, 4 February 4, 1959

The new Congress has just about convened, but it is already apparent that agriculture will be one of the important matters for consideration. Attention, of course, is being focused on the huge surplus farm problem. The President in his farm speech a few days ago called attention to the fact that by next July the cost in terms of storage, interest, and other charges of managing our inventory of supported crops would be running at a staggering rate, in excess of a billion dollars a year. It is well known that unless fundamentalchanges are made, the annual cost will rise even more. There are in this country some 250 farm commodities produced. The law has required that prices of twelve of these be supported at prescribed minimum levels. It is undoubtedly this requirement, together with the level of required support, that has created our farm surplus problems. On the other hand, those farmers who produce cattle, hogs, poultry, fruits, vegetables, and various other products on which there are no supports seem to fare much better. There are some instances under which there are partial supports being levied at discretionary levels. The latter items have generally experienced growing markets rather than a build-up of stocks in warehouses. As we have pointed out in previous letters, since 1932 the cost of farm programs, not including administrative costs, have amounted to over $48 billion. These figures, which are official only extend to 1957, since which time more costs and burdens have been added.

People quickly lose sight of values, particularly in times of inflation. It might be well to recall, however, that at the beginning of World War I, total net annual receipts of government from its taxpayers amounted to only $735 million, and expenditures were at the same figure. At that time our public debt was only a little over $1 billion. At the beginning of World War II, total taxes from all sources, including personal income and corporation, were $7.2 billion, but by that time the public debt had risen to $48.9 billion. We realize, of course, that the servicing of our debt and the cost of armament and defense have made a tremendous change in the tax structure and in our way of life, but, nevertheless, when nearly $50 billion is expended over a period for agricultural loans and programs without deriving any benefits, but, indeed, building up these unwieldy surpluses, it is high time for a change. In our humble opinion small reductions in support levels of basic commodities is neither a cure nor a solution to our problems. Experience should have taught us one important lesson: namely, that when any commodity is held above its merit, consumption, both domestic and export, suffers. It is for this vital reason, if for no other, that we would like to see the restoration of normal markets, controlled by the forces of supply and demand rather than by artificial influences. Admittedly the price of wheat would be much lower than it is at present but by giving the farmer a compensatory payment, it would certainly be less costly than the support program now being employed, which has been a drain on the public treasury of about $2 billion per year on an average. A fair method of computation would be to figure the expense on the dozen commodities presently being supported rather than to spread it over the 250 farm commodities produced, most of which are getting very few benefits at the present time.

Primary receipts of wheat were quite small today and amounted to only 778,000 bu which compared with 931,000 bu last week, and about the same as last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 795,000 bu.

There was a little firmness in wheat for a time, particularly in the March future, and this was due to some local buying on the news of increased shipping sales of wheat out of Chicago yesterday. There was a cargo of red wheat sold to Yugoslavia via the Atlantic. There was also a small parcel worked to the same country.

Broomhall's foreign crop summary spoke of frosts again over much of the European Continent the past week, but few complaints of damage to winter grain. However, snow covering is lacking over wide areas.

Beans were inclined to weakness early and were probably influenced by lower prices for meal. They had a late recovery. Corn was quite indifferent and the premiums for spot were 3 to 3 1/2 over which was about unchanged from yesterday. CCC selling over the past few weeks must have been quite extensive, and this is naturally competition to private traders.

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CHICAGO, 4 February 5, 1959

Corn is another striking example of the futility in trying to keep prices artificially high. Despite the fact that the loan program has been in effect for about the same time as wheat, the farmer had to rely generally on feeding ratios to be successful in his operations. As a matter of fact, corn controls have been so unrealistic that only one corn acre in seven in 1957 and one acre in eight during 1958 was farmed in compliance with the program. Actually, there never should have been an excessively high loan for corn, for the reason that 85% of the crop never leaves the county in which it is raised, and since the bulk of it is fed, there is only about 15% that moves to market, so that whether the price is a little higher or a little lower is not of the utmost importance to producers. It is this comparatively small quantity that has generally established the price, and if we areto have a program at all, it should be for the finished product: namely, hogs and cattle. However, in recent years feeders have been doing very well and without government help. Last November, corn prices dropped to the lowest point since World War II. After that, consumption increased, and for the first quarter of the season, disappearance of corn as grain totaled 986 million bu, which was 105 million more than a year earlier, and the largest for the quarter since 1951.

Thus we have another example of price influence on consumption. Since the low was reached there were some recoveries, and exports of corn reached a record for the early months of the season, and according to Broomhall, we have shipped 73 1/2 million bu since October, which is a slight increase over last year. Nevertheless, record stocks January 1st were 3.9 billion bu, which was 315 million above a year ago. Of the total stocks, CCC owned 1.1 billion bu, with an additional 235 million under loan or reseal. In wheat, exports are beginning to count up, and since July 1st to end of January, we have shipped 241.6 million bu vs 226 million a year ago, according to figures published by Broomhall. We have thought for some time that procuring the latter 200 million bu for export would have more market influence than the first 200 million bu that was shipped during the first six months of the crop year.

There were overnight reports that Yugoslavia had bought a cargo of red wheat via the Atlantic, while Finland purchased 5,000 tons spring wheat and 6,000 tons soft red and/or white wheat. It was rumored, but not confirmed in the early trade, that possibly 4 cargoes of western white wheat had been taken by India via the Pacific and 3 cargoes of white wheat via the Atlantic. Also of interest was the flour award covering about 1 3/4 million bu in wheat equivalent on export relief – donations. This came two days earlier than had been expected, and was a substantial quantity.

The Oklahoma weekly crop bulletin was only fair in tenor; snow and freezing rains earlier in the week provided limited moisture, which was still thought to be insufficient, particularly in the Southwest, as well as in the central and southern areas of the state. Earlier freeze damage is beginning to show up in some fields. The Kansas report was more optimistic and conditions are generally reported as good to excellent, although a few counties reported some damage from heaving fields where secondary root systems were poorly established.

Primary receipts of wheat were 1.3 million bu, which was a little larger than last week and about the same as last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 417,000 bu.

There was a good trade in wheat at the opening, and some commission house buying, but practically no hedges lifted against flour sales, according to observers. The wheat market failed to hold its early rally, and there was also a dull trade in flour circles. Meal prices likewise failed to hold an early bulge. Some of the feed ingredients people have fairly large stocks, and possibly the bloom is off the market for the present. Beans, however, were independently firm. December corn was traded for the first time, and is selling 2 to 2 1/2¢ under September. In our opinion, it could lose further ground with a very large acreage for next year's crop likely. Corn acted well today.

We regret a typographical error in yesterday's letter. The cost of farm programs since 1932 is nearly $50 billion instead of $50 million as printed.

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CHICAGO, 4 February 6, 1959

Each year from 1952 to 1958, production of feed grain has exceeded consumption. The expected carryover in the summer of 1959 of 75 million tons of feed grains will be the equivalent of about 43% of an average feed crop. It will constitute storable stocks sufficient to feed the average U.S. pig crop for an entire year; by 1960, the carryover may be equivalent to one-half year's production. All this, of course, is bound to finally affect hog prices, but it takes some time before the cycle operates. The heavy run of hogs is expected to be up about 15% in 1959, which in turn will probably push down the average level of prices. By fall, according to some authorities, hog prices are expected to decrease to the lowest level since 1956, even though the corn-hog ratio is likely to remain above average, which is now regarded as 12.5 , whereas formerly we used to consider a 10 to 1 ratio normal. Even if hogs should decline to $12.00 per cwt., corn at $1.00 a bu would still result in a 12 to 1 ratio, which is really the long-time average and should be profitable to most feeders. This is particularly true for those hog producers who are increasing the efficiency of their operations and do not have to hire too much outside help. From all indications livestock will be fed liberally, thus further increasing the supply of livestock products available to consumers. This increase in the production of livestock is the main basis for the prediction generally being made of lower prices in 1959.

Before our market opened this morning, there was not too much to guide it. The 5-day forecast still is for below normal temperatures throughout the grain areas, with some precipitation, but probably light in nature. It is too early yet to determine whether the frigid temperatures have done much harm to wheat and it will take a period of growing weather before this can be reckoned. Generally around the 20th of February, we run into a period of crop scares, and believe that this year will be no exception.

Chances are that India will be in the market this afternoon for possibly 10 cargoes hard wheat, and this should be a stimulating factor. In the meantime foreign trade was rather limited, with Holland taking just a small quantity of red garlicky wheat, while the Continent bought a few parcels of soybeans and oats. According to The Southwestern Miller some fair-sized sales were made to exporters at 29 1/2¢ over Kansas City March, track Gulf.

We tried to find out from our Texas Offices whether the country movement had expanded much, and it seems that while not much wheat has been redeemed lately, some farmers who have been holding supplies sold a little more liberally, but this often occurs just before the tax period. Pressure generally is not heavy although there was some evidence the last day or two of hedges being put into our market. In recent weeks there was not much rye sold under government subsidy but during the past week small transactions have been reported almost daily, and as we pointed out recently, our export shipments thus far have been running well ahead of last year. There has also been some activity in oats and export shipments since July have totaled 15 1/2 million bu, which is slightly more than last season. However, our exports of barley have been very large and at 76.6 million bu are nearly double those of last year, indicating a good feeding demand from abroad.

Primary receipts of wheat were 1.1 million bu compared with 822,000 bu last week, and 1.1 million last year. Kansas City and Minneapolis stocks so far this week show a decrease of 1.2 million bu. We may have a larger decrease in the visible supply than last year, when it declined 2.3 million bu.

Trade was extremely dull. There was no feature at all. The close showed only minor changes from the day before, and commercial business in the pit was light, with flour business almost flat, except for a few replacement orders. In spite of lower prices for meal, beans held, but there was no particular urgency to buy. Some spreading took place with purchases of March against sales of May, but trade was generally quiet. Corn held, and in some cases a few futures showed slight gains. However, the government continues to sell, and this has put a damper over the market, and is discouraging traders who might ordinarily buy at a time when country selling is so light. Oats were not much changed. Stocks of 1 billion bu on January 1st were 13% above a year earlier, but the disappearance for feed during the period, July-December, was 11% greater than a year ago. So far we have had imports of only 2 million vs 15 million bu last year.

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CHICAGO, 4 February 9, 1959

Delegates of many nations are meeting in Geneva to discuss the International Wheat Agreement. As one English authority states, it is an unworkable instrument and he hopes that the U.S. will not exercise pressure for countries which are not members of the uneconomic monstrosity to join the agreement. He points out that the failure of the American support programs, and the failure of the Soil Bank experiments were discussed in the President's farm message to Congress and that political considerations have unfortunately ruled the policies of this country, rather than economical considerations. The agricultural policy of the U.S. has been one of inflationary trends which has done more harm to the economy of the U.S. than it has helped the farmer and the surpluses, and the unrealistic policy of disposing of them have harmed many other grain-exporting countries.

The Department of Agriculture officials in this country have stated that heavy loans made in January on cotton, wheat and other grains have now placed the total investment in price supported farm commodities of this country at $9 billion. The President in his budget message states that by June 30, 1960, it may reach $10 1/2 billion. This all points to the fact that sooner or later action must be taken, and a change in the farm program seems to be uppermost in the minds of many of our legislators, but as to what form can be evolved this year is still difficult to forecast. It is thought in some quarters that during this week USDA may determine support levels on small grains: namely, oats, rye, barley, grain sorghums and soybeans. There can be no change in the wheat support price which has already been announced and is $1.81 per bu minimum. If the 1959 corn loan is based on 90% of the three-year average price, regardless of parity changes, it would amount to approximately $1.13 to $1.14 a bu. As to a support price on beans, 65% of parity would be a loan of $1.88, although there is some talk that it might be lower, possibly $1.80. However, this is only a matter of conjecture and should not be taken as any definite figure.

The diet of the American people has greatly improved in the past several decades. In the ten years after World War II, we ate on an average 20 lbs more of red meat per person per year than we did in the ten years preceding the war. Per capita consumption of meat reached a high of 167 lbs in 1956; last year it was 152 lbs, the lowest since 1952. It is expected to go up this year. Some of the decrease in the consumption of meat may have been due to a larger consumption of poultry and eggs.

The five-day weather forecast suggests a period of freezing rain, sleet, and snow over most of the winter wheat belt. Some apprehension is being expressed from several points in Kansas as to the effects of the ice coating which now appears on many fields, and which could lead to the smothering of the plant. We do not have enough reports as yet to draw any conclusions, but it looks as though some crop scares are bound to occur when the wheat plant emerges from its dormant state.

The Department of Agriculture announced today subsidy rates for shipment of wheat up to August 14th, with old crop cut-off date for hard winters as of May 31st. This is the first announcement of any subsidies dealing with the new crop, and may stimulate some business. The main feature of the wheat market today was the rather heavy purchases by exporters of March and May wheat, with the buying predominent in May. This undoubtedly is against sales to India, and while we have no confirmation as yet the gossip has it that purchases by that country approximated 3 3/4 million bu of wheat. In addition, Yugoslavia bought a cargo of #2 red for first half March, while Pakistan bought only a parcel, although their purchases from the Pacific Coast were of larger proportions. Later in the session there seemed to be a fair amount of selling in March wheat vs the purchase of May, and it is hard to determine whether this means any transfer of hedges. Chicago stocks of wheat decreased 400,000 bu during the past week, corn increased 636,000, while beans decreased 145,000 bu. Flour business remains extremely light, and is of no market influence at the moment.

There was very little activity expressed in corn, and fluctuations were rather nominal. Beans showed some strength with slightly higher oil prices, but lower prices for meal. There still seems to be about 30 shipping certificates of meal open on January deliveries.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 10, 1959

The Federal Reserve Bank of Chicago calls attention that world markets for agricultural products, always important to U.S. farmers, assume special significance as the shadow cast by agricultural surpluses lengthens. Even though the acreage planted to crops in 1958 was the smallest in 40 years, an unprecedented harvest was realized of 11% more than in any preceding year. A harvest of that size assured substantial additions to the already burdensome surpluses of several major crops, and the export horizon is being scanned with unusual interest. For the year ending June 30, 1958, our agricultural exports represented the output of about 50 million acres of cropland, nearly one acre out of every six harvested.

The United States is the leading exporters of agricultural products. In the 1957 marketing year, over half the production of cotton, and more than one-third the production of wheat, tallow, rice, and soybeans went into foreign outlets. Since the end of World War II, the value of U.S. agricultural exports has accounted for one-fifth to one-seventh of the world total, and in recent years it has been equal to the combined exports of Canada and Australia, which rank second and third in importance in export.

Our government has played an increasingly important role in agricultural exports from this country. For many farm products the domestic price is far above the world price because of price-support programs. In order to move these supported commodities into world channels, the government has had to bridge the gap with subsidies to exporters, has made gifts of agricultural surpluses to countries threatened with famine, and has made sales of "soft" currencies to be spent within the foreign country, and also agricultural surpluses have been bartered for strategic materials and sold on easy credit terms. Of the $4 billion agricultural commodities exported in the year ended June 30, 1958, one-third was under government programs of sale for foreign currencies, barter, and grants; in addition for the last three years about 75¢ a bu has been subsidized under IWA.

With our last large harvest, current indications are that the rise in stocks held by CCC will more than offset the reductions achieved in three years of diligent efforts to dispose of surpluses and reduce CCC stocks. At the present time the only major type of program not being used is the food subsidy to low income families. With relatively high income and employment today, compared with 1939-41, when the Food Stamp Plan was put in operation, the potential increase in food consumption through this outlet is at most modest.

There has been a decided pickup in the sales of farm machinery, showing that farmers have more money and are apparently spending some on equipment. With the help of perfect weather, total crop production last year reached the highest level in history. These bumper crops have pushed up farm income, despite lower prices for most key foodstuffs. Even though machinery prices are about 5% higher than a year ago, farmers are not only continuing to buy but are stepping up their purchases, and in many instances are paying cash. Farm equipment sales are usually a reliable guide of rural buying in January.

Secretary Benson appeared before the House Agricultural Committee today urging the lawmakers to help fight inflation by curbing the cost of government aid to farmers. However, there seems to be great antipathy on part of the Democratic leaders.

Grain markets were rather quiet today. It was reported that Yugoslavia bought a cargo and two parcels of red winter wheat today for March shipment. India also bought several cargoes from the West Coast, but there was no particular evidence of lifting of hedges against sales. Flour business also remains quiet. The Southwestern Miller mentions today that bids to the country attracted sizable pickup in liquidation of ordinary wheat from western Nebraska, but selling from Kansas was at a minimum. The Baldwin Elevator Co. put out a statement that the feeling is there is going to be some damage to wheat from the sleet-covering of two weeks ago. There was some buying of corn on weather conditions over the Belt, and that grain had a slightly firmer undertone. It is expected that Spain may buy some soybean oil. The visible supply of wheat showed a decrease yesterday of 3,102,000 bu, making the total 350 million bu, or about 63 million bu more than last year.

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CHICAGO, 4

February 11, 1959

The writer just returned from Spokane where the Pacific Northwest Farm Forum deliberated for two days over government programs, and to consider plans that might be helpful to the wheat farmers. A group of about 10 or 12 farmers, well versed on Pacific Northwest conditions, met with this writer for two hours late Sunday night, debating mistakes of the past and possibilities for the future. Most of the farms in the State of Washington are large. Many of them have added to their incomes from livestock operations, and this has been a healthy feature, but even the production of wheat has been a very profitable operation, mainly from point of view that yields have been greatly enhanced and many producers on the better lands have been obtaining 60 bu per acre, and they hope that with better strains and improved seed, in the near future they may do considerably better. On the whole they have profited possibly more than farmers in other parts of the country.

Today, taking U.S. farms as a whole, we areproducing almost 50% more than we did before World War II, and we are doing it on fewer acres and with 30% fewer man-hours of farm work. Farmers generally have stepped up the use of fertilizers to increase yields. Our current use is seven times what it was in 1910--more than six million tons annually today as compared with 856,000 tons then. During the long winter months, many farmers have tried to increase their incomes by seeking employment in nearby cities, and more than a third of the farm operators in the U.S. are working off their farms 100 days or more during the year. About 40% of the net income of farm families is from non-farm sources. Most of the Pacific Northwest farmers realize that we cannot continue to overproduce wheat without in time breaking down the entire marketing system. Many would voluntarily reduce their acreage by 20% if they thought this would be a successful means of whittling down our surpluses. They feel that the two-price system would be a proper step in this direction, and that in time prices, through normal means, would yield better profits than to raise big crops that had to be supported by artificial government loans, where the accumulations bore down on their markets. Altogether most of these farmers had a better grasp of the agricultural situation than many of our legislators who have been completely unrealistic in approaching farmer's problems.

There was not much commercial business overnight. Japan bought a cargo of Pacific Coast wheat, together with some barley and Manitobas, but there was no hedge-lifting here to speak of. We heard that a little more liquidation was noted from country sources but volume was not heavy. The government subsidy program was carried on with heavy acceptances overnight, particularly corn and oats, indicating that exports of these commodities would probably keep up at a good pace. According to The Southwestern Miller from noon Thursday through yesterday afternoon over 17 million bu of wheat sales had been registered for in-kind subsidies, representing the biggest buying spurt thus far in the crop season. India, Pakistan, and Yugoslavia were major purchasers, and India completed its shipment program scheduled for March. Considering this heavy volume the futures market certainly did notreflect heavy trade, which is very unfortunate since the machinery of the market place is not being utilized.

Primary receipts of wheat were less than 1 million bu, which compared with 778,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 192,000 bu.

Trade was extremely light, but the wheat market was reactionary following yesterday's upturn. While undoubtedly there will be crop scares later on not too much emphasis is being placed on reports claiming excessive moisture in some sections, with floods and ice coating on fields elsewhere. However, the new-crop months did hold somewhat better than May wheat. Corn was very dull, and the market was just a shade easier. The spot market appeared to be 3 to 4 1/2¢ over, mostly according to moisture. Soybeans were down, and we heard of no special feature, except like in other pits, there were realizing sales without sufficient new buying to overcome this handicap. A broker acting for an elevator interest bought some March beans. We heard that the Arab Republic representatives were in this country, but we have notyet heard any intention on their part to buy soft wheat --or for that matter, any wheat. However, we think this will all come before long.

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CHICAGO, 4

Feb. 12, 1959

There are a great many people in this country who are opposed to subsidies of any kind. They figure that if we start making disbursements to one segment of our economy, it will not be long before others will clamor for the same treatment. Whether or not we like subsidies, we should realize that we have them in agriculture today. When Secretary Benson appeared before the House Committee on agriculture on February 10th, he said: "Every bushel of wheat and every bale of cotton which is exported must be subsidized." The reason this apparently is considered necessary is that price supports at unrealistic levels are now required by law, and it continues to generate surpluses in a few commodities. These accumulations must be stored and later disposed of at a very heavy loss. Unless we apply subsidies, it would be impossible to compete with foreign countries, which are underselling us on basis of our domestic price level. We have a subsidy on virtually every manufactured article in the form of tariff or import duties, where in order to protect the American worker, goods entering this country are subject to a penalty tax in order to maintain high prices for competitive articles produced at home. This refers to hundreds of items, and, for example, if the domestic watch manufacturers were not protected against cheaper imports from Switzerland, it might be difficult for the industry to exist. The same is true of transistor radios that have been flooding this market, coming in from Japan, light bulbs from the same country, and cameras from Germany and Japan. There are dozens of other items we could mention but suffice it to say, these tariffs act as a subsidy, and it has been our method of protecting home industries and has added much to domestic prosperity.

Our main point in advocating the Domestic Parity Plan is to simplify the process and pay the subsidy directly to the farmer rather than to tamper with the market, first bringing prices up to a high level and later subsidizing shipments to permit the flow of goods to foreign countries. Certainly the expense would be less and the markets would perform a normal function without all the artificiality that presently exists. Of the 1.4 million wheat growers in this country, 60% or 823,000, have allotments of 15 acres or less; many of these farmers never raised wheat in days gone by. They do so now because they are unrestricted and do not have to comply with the many complicated government regulations. These farmers produce about 13% of the crop; there are 10% that have allotments of 100 acres or more that produce 55% of the crop. Obviously, the major portion of government expenditures for wheat relate to the production of the largest farms. Thus under our present setup, there is no fair method of disbursing the government benefits, and in most cases the smaller farmers receive little, if any, help.

The loan on next summer's soybean crop will soon be announced. Reports from Illinois indicate that acreage will be cut. In Macon county it is said that an increase of 20% in corn acreage will occur with resultant reduction in soybean plantings. If price supports drop under $2.00, the acreage of beans could go down considerably. The same may be true in other large soybean areas, although in parts of Kansas and Louisiana very small acreage reductions are expected, even if lower supports are levied.

Primary receipts of wheat were 1.2 million bu which was a little less than last week, but a little more than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 108,000 bu.

There was a little easiness in wheat during the early part of the session, but later the March future firmed, although this did not have much effect on the new-crop months which were a little weaker. Small scattered commission house buying was reported in the March future, which met light offerings. There was nothing much in either weather or crop news. Temperatures have moderated, and some precipitation is likely for the Southwest. The Nebraska weekly report noted little change in the situation during the past week. However, light to moderate snow in the dry areas of the state brought some relief. In Oklahoma, intermittent snow, drizzle and some rain along with cool temperatures kept farming activities at a low level. Wheat in the Panhandle and in some north central counties is in good to excellent condition. Over the remainder of the state conditions range from poor to fair. Corn did very little, while beans were weak early, but firmed a little when the leading cereal recovered. Meal was weak. Yugoslavia bought two parcels of hard wheat at the Gulf, and flour trade showed only a slight improvement.

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CHICAGO, 4 February 13, 1959

In 1938, or a little more than 20 years ago, the Agricultural Adjustment Act set a minimum national acreage allotment for wheat at 55 million acres. That minimum remains in effect to this day, but, of course, technological developments in the meantime have given us much better yields. Under normal weather conditions we were raising about 13 bu per planted acre at the beginning of that period, whereas last season we reached a record high of 27 bu per acre, and taking winter wheat by itself we produced 28 bu to the acre. These are some of the things that have aggravated the surplus situation, and as yet there has been no real solution attempted. The result is that today we face a crisis in wheat and no one can deny it, not even the politicians who in some cases are still urging higher supports.

Of course, we shall not always raise bumper crops, and there will be some years when the abandonment will be heavier than it was last season. For example, in 1958, the planted area was 56 million acres and we harvested nearly 54 million; the year before farmers planted about 50 million acres of wheat and harvested less than 44 million. Moreover, with some farmers now taking their penalty on ineligible wheat, we may not have the heavy overplantings again. It is estimated that some farmers a year ago overplanted their allotments by more than 6 million acres. This was partially overcome when other farmers held 5 million acres out of production, but in any case it shows the complications under an artificial setup.

We also have the Soil Bank, which is an important factor. The Secretary estimates that 13.2 million acres will be signed up for the 1959 Conservation Reserve Program. This is about four times as much as the 3.5 million acres signed up last year and brings to 23.2 million the number of acres idled under the 3 to 15-year contracts under which farmers receive rental payments for converting cropland to grass or trees. In this total amount of idled acreage, about 3.7 million acres were formerly planted to corn, 3.6 million acres to oats, and 3.5 million to grain sorghums. There were 2.4 million acres under wheat land and 10 million acres of other crops. Thus we may not have the large amounts of land tilled and total cropland under production at the peak, which was about 350 million acres, has probably been reduced to about 325 to 330 million acres, which is still very sizeable considering the more intensive cultivation which has taken place. Up to now neither acreage allotments as provided by law nor the incentives of acreage reserve have been adequate to control wheat production.

For a long time we have tried tosolve the wheat problem with outmoded programs, which brings us back to our original theme: namely, the adoption of the Domestic Parity Plan, which would make it less attractive to raise surplus goods for unwanted markets. As mentioned above it is not reasonable to expect a national wheat average of over 27 bu per acre to occur very often. However, we must realize that yields are definitely trending upward. This means that a normal wheat crop on the minimum allotment would produce about 1.2 billion bu, or about 200 million more than our indicated requirements for domestic and export use. Even those farmers who overplanted their allotments were not penalized as much as seemed likely at first sight. These penalties were based on normal yields rather than on actual yields. In Kansas, a normal yield was reported to be about 15 bu per acre but yields averaged 27 to 28 bu, so that a farmer who exceeded his quota paid the penalty on only 15 bu per acre.

It was reported that Israel bought two cargoes of hard winter wheat and The Southwestern Miller mentions that there has been a small amount of hard winter flour business. Wheat had a firm undertone. There seemed to be quite a little short covering which ran into stop loss-orders. There was a better general trade in all pits today although prices fluctuated over a rather narrow range. Apparently there have been some fairly substantial amounts of wheat coming out in the Southwest, ordinary and protein wheat from western Nebraska which has been almost entirely ineligible grain, and in Oklahoma and Texas some loan redemptions.

The CCC sold 175,000 bu of beans in Iowa in the past week, and according to Trade News Service there was an agreement with Turkey for 90,000 tons of cottonseed and soybean oil with a possibility of 30,000 to 45,000 tons additional. Meal is still rather reactionary and cash demand is draggy.

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February 16, 1959

World wheat production this year reached an all-time high of 8.7 billion bu. This was mainly due to heavy production in the U.S. and a larger yield in the Soviet Union, coupled with a record outturn in Communist China, and a near-record crop in Australia. On the other side of the picture, it seems likely that world exports this season will reach 1.2 billion, which would be second only to the record of 1.4 billion bu in 1956-57. These large world shipments are due to several causes, chiefly smaller crops in Western Europe and India, also population increases and upward trends in total wheat consumption in many countries. To-date our wheat and flour shipments are running about 18 million bu ahead of last year, and it appears more than likely that the government goal of 430 million bu, including flour, will be reached. If this is the case our share would be a little more than a third of the world total. Little is said about this year's world rice crop, but mainly because of record yields in Mainland China, this year's crop will set an all-time record, estimated at 471 billion pounds. As a result, total volume available for export will substantially exceed a year ago, but yet world supplies continue short of actual needs because of population gains and rising standards of living. In our own case we shall probably export about 27 million cwts vs. 18.3 million a year earlier. Shortage of foreign exchange continues to make it difficult to supply import requirements in most of the deficit areas, except under some form of concessional sales.

Before our market opened this morning, there was not much in the weather news but shortly before the bell sounded, there were reports from the Southwest that a good flour business had started Friday, which continued over the week-end. The business was confined almost entirely to hard winter bakery flour, but the additional coverage was participated in by virtually the entire trade, and many of the bakers rounded out requirements through June, so that it was almost a foregone conclusion that there would be some lifting of hedges against this business. Actual buying was very small. There was also a report that a cargo of hard wheat had been sold late Friday out of the Atlantic to Yugoslavia.

The Agriculture Department gave a breakdown on the types of crops grown on the 23.2 million acres that had been placed in the Soil Conservation Reserve, and also estimated the yields that would have been obtained on thisland had it not been removed from production. The 2.3 million acres of wheat land retired would probably have raised 45 million bu, so any estimate of the 1959 crop should be smaller by that amount owing to acreage retirement. By the same token, the 3.7 million acres of corn land retired would normally raise 143 million bu. With nearly a million acres of soybean land taken out of production, it would reduce the crop by an estimated 18 million bu. The retirement of 3.5 million acres grain sorghum land means a potential reduction of about 83 million bu. It should be noted that 3.3 million acres of vegetable crops and land already lying idle are included in the 1959 Conservation Reserve total.

According to the Baldwin Elevator Report, conditions are not too optimistic for winter wheat in Illinois and with intermittent freezes and thaws that portion of the crop that was still alive was said to have suffered another setback.

The visible supply of wheat showed a decrease of 918,000 bu leaving 349 million bu in all positions which is roughly 63 1/2 million bu more than last year. Chicago stocks declined 330,000 bu leaving 7.8 million bu here. The corn visible showed an increase of 1 1/4 million bu of which 756,000 bu was in Chicago. The local oat stock increased 228,000 bu to 2.4 million bu. Rye showed a small decrease locally, and bean stocks went down only 124,000 bu still leaving 11.8 million bu here.

After an early advance probably due to disappointment that not more hedges were covered, March wheat was subjected toliquidation. There is some talk that one of the elevator houses may deliver a million bu. New crop months were higher. Corn was fairly firm, but trade was not particularly large. Beans held pretty well considering the weakness in meal. There was still some covering of March beans by hedgers against sales of later months. March rye was weak but the open interest is still very large, and altogether including afloat stocks we have only about 1 1/4 million bu in Chicago. There were 53 cars of oats estimated in Chicago today, andstocks recently have been building up with the result that March oats have been losing ground on the May.

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CHICAGO, 4 Feb. 17, 1959

It is expected that Agriculture Secretary Benson will announce in the very near future the 1959 support price on soybeans. Although there is no way of knowing for sure, it is expected that this figure will be considerably under last year's $2.09 national farm average, and it is generally thought that farmers this year will receive somewhere between $1.80 to $1.90 per bu. Our market reflects this thinking, as November beans are currently selling at $2.05, Chicago, indicating the expected loan price plus freight. Since the corn loan figure has already been established at about $1.14 per bu, and because acres in the corn-bean belt are interchangeable, farmers have only to compare the dollar-yield values of these two crops. Since it is not unusual for corn to yield almost three times as many bushels per acre as soybeans, it seems likely that with unlimited plantings permitted for corn, the 1959 soybean acreage could be considerably reduced.

If this situation occurs, in spite of an indicated carryover of as much as 90 million bu soybeans in September, it might conceivably be possible with a much smaller crop this coming year to use up most of the available supplies, and by the fall of 1960 have greatly reduced surpluses, especially if we consider that last year's growing conditions were better than average. It is a fact that the use of soybean meal as a high quality nutrient has increased tremendously. As far as soybeans are concerned, a situation of this nature, if it developed, would be very helpful for the free marketing of this commodity. A reduction in surplus could eventually lead to supply-demand factors taking effect, and final elimination of the loan as the main determining factor in the market.

Secretary Benson has himself stated: "If we are to be of any little help to our farm families, we must realize that the present price support and acreage allotment programs based on results of over twenty years of experience have obviously failed." Believing his motives to be sincere it might then be very obvious that with soybeans being less of a surplus problem than other grains, it could be possible to eliminate or make more realistic paymentsto the farmer as far as this crop is concerned in the next few years.

According to statistics printed by the University of Illinois, the disappearance of corn from October 1st to January 1st is estimated at 986 million bu, up 24% from the year before. This increase in usage is due to heavier livestock feeding than the year before. The number of hogs were up 13%, cattle is 11% greater than last year, and chickens, which use more corn than any other class of farm animals, except hogs, are running 10 to 15% above 1958. Stocks of corn on hand January 1st totaled 3,926 million bu, up 9% from the year before

There was a fair mill business over the weekend, However, according to The Southwestern Miller, the demand for flour has fallen abruptly. It is indicated that the domestic flour business will be of small proportions for an indefinite time.

According to the government weekly crop report, there has been some damage to small grains in Indiana, Ohio, and Illinois, as the result of erosion, drowning, and glazing. In Kansas, in spite of ice-cover, there has been virtually no damage, and wheat in that state continues good to excellent. Wheat is making real growth in Oklahoma, as signs of spring appear, excepting a few dry southwest and south central sections. However, there has been appreciable freeze-kill of winter oats in that state.

Primary receipts of wheat were 1,439,000 bu this week, which compares with 1,260,000 bu last week, and 1,241,000 bu a year ago. Kansas City and Minneapolis stocks show an increase of 64,000 bu for the week.

The futures markets were more or less on the quiet side throughout most of the session, with old crop wheat selling under last night, mainly as a result of the expectation that a large elevator house will probably deliver a fair quantity on March contracts. In spite of weakness in soybean meal due to lower cash prices, soybeans were firm throughout most of thesession, and it was expected by the trade that government impounding figures, which should be released in the next day or two, will show between 125 and 150 million bu under loan. There was little feature in feed grains as there was not much newsaffecting corn and oats.

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CHICAGO MERCANTILE EX.

CHICAGO 4 Feb. 18, 1959

There has been a good deal of talk recently of the huge government expenditures for agriculture in connection with the surplus problem. One of the more costly problems in reducing these large stocks has been the export and barter programs. One of the objectives of the surplus disposal is the attempt to exchange commodities grown in this country with foreign nations for their currencies. The expense of doing this is expected to exceed $1 billion of Commodity Credit's net expendtures in the coming year. Of these funds received on a basis of foreign currencies, over $500 million will remain in the countries to which these goods are being sold as a part of the Economic Assistance Program. As a result it can be seen that the exchange of our commodities for foreign moneys is indirectly financed by American taxpayer-dollars. The cost of these programs is, of course, in addition to normal subsidies paid by CCC to exporters, which represent the difference between foreign and domestic prices on commodities sold.

Another federal expenditure, even though on a smaller scale, is the School Lunch and Milk Program, which will cost approximately $156 million in 1960. Although the amount of money spent here is comparatively small, it is, nevertheless, possible that these programs should be handled by state and local governments, and possibly on a cheaper basis. It can thus be seen that with the huge crops that have been grown as a result of federal loans, the surplus disposal programs are equally difficult, and at the same time extremely costly.

There was a little moisture in Kansas and some snow in Montana overnight, and, of course, this is the time of year when weather becomes very important, as temperatures will soon begin to moderate and crop progress will depend on growing conditions. It is too early to tell just how much damage has occurred as the result of the extremely cold winter.

Broomhall's Foreign Crop Summary tells of field work being resumed in many European countries due to mild weather. There have been few complaints about winter grain conditions but it will not be possible before next month to determine conditions as there will not be good growing weather until then. It is also stated that snows and rains in France and Western Germany, followed by foggy weather, have held up field work, although conditions are fairly satisfactory. Winter grains in Italy are satisfactory, with acreage below last year. There have been few complaints regarding the Argentine corn crop, which is estimated to be slightly better than last year.

It is expected that offers will go out the end of this week to the United Arab Republic on 100,000 tons of wheat, half of which will be red and half white. Japan bought 7 cargoes of white wheat on the West Coast, but this business was naturally of no market influence. Also the U K bought a cargo of milo, and Denmark a cargo of corn and milo combined. We heard from the Southwest that there was some cash wheat being offered by the country, and fair amounts have been sold to exporters for shipment to the Gulf at around 28 1/2¢ over Kansas City March.

The Kansas Wheat Improvement Association stated that the 1959 crop continues to remain in a dorman stage, which is unusual for this time of year. However, the condition seems to be good to excellent.

It is expected that the government will release impounding figures after the close of the session today, and most attention will center around wheat and soybeans, as these figures will reflect entries made as of the end of January -- the final date producers had to put these grains under loan. The net wheat figure will compare with 464 million bu as of Dec. 31st, which took into account redemptions. The soybean figure of Dec 31st was almost 98 million bu, and the general feeling is that today's figure will be at least 125 million bu.

Primary receipts of wheat were 1,316,000 bu of wheat, which compared with 968,000 bu last week and 885,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 120,000 bu.

There were fair fluctuations in old-crop wheat futures. The net result was that March closed almost even with May. It remains to be seen if there are deliveries on March contracts, whether they will fall into strong hands. Soybean prices were relatively unchanged in spite of continued weakness in meal, and the trade is awaiting the impounding report expected this afternoon. There was very little price change in corn or oats. Rye futures were firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 19, 1959

There was a vast array of grain news after the close of the market yesterday. The government issued impounding figures showing quantities under support by end of January, and except for adjustments that are made later, these are final figures for everything but corn. Shortly afterward support prices for the coming crops were announced on those commodities on which the Secretary had not yet established loans in advance of the planting period. The news which had the most influence was the lowering of supports for a number of commodities, although the loan price for beans at $1.85 per bu had been pretty generally expected. Nevertheless, it was a cut of 24¢ per bu from the year earlier. The loan on corn at $1.12 minimum was also in line with expectations and compared with $1.06 last year for noncompliance corn, which was the main issue as very few farmers had been receiving the higher loan of $1.36, to which they were entitled if they had complied with acreage allotments. The principal drop in supports came in feed grains other than corn, and a sharp reduction in the loan for rye, which at ~~$1.10~~ 90¢ per bu was a drop of 20¢ from the year before. The oat loan for the coming crop at 50¢ compares with 61¢ last year. The barley loan of 77¢ is a drop of 16¢ from the year before, while a loan on sorghums at $1.52 per cwt is a decline from $1.83 last season.

It was almost a foregone conclusion that bearish news would offset anything that had to do with impoundings, and the latter fell into the background. Actually, there was nearly 569 million bu wheat placed under support, which is a record for all-time and compared with a previous record of 554 million bu in 1953. Even after subtracting the 31.1 million bu that has been redeemed, it still leaves 538 million bu in sterile account, and this does not allow for minor changes or last minute entries into the loan, which may offset during the month some of the repayments which farmers may make if wheat is withdrawn from loan and is thus repossessed. Taking the net loan figure of 538 million bu and adding to it the 300 million bu of wheat that we shall probably export out of the free supply, also adding 610 million bu which is likely to be domestically consumed and an additional 30 million bu of ineligible wheat which farmers may elect to carry over into future crops, we can account for 1,478 million bu wheat against actual production of 1,462 million. Thus there could still be tightness at least of a partial nature, until such time as prices for the old crop advance to permit further redemptions. However, in the early trade wheat was more influenced by the weakness in other grains, and there seemed to be fair liquidation in all pits.

The amount of beans under support was given at 124.3 million bu, which was somewhat less than had been expected. However, if we grind close to 400 million bu and export 90 to 100 million bu, this combined with the 125 million bu under loan could have some market influence, at least until such time as either redemptions take place or the government sells some of the beans that may later be defaulted. Consequently, it was figured that any tightness of free market supplies later in the crop year would be greatly modified by government selling, which often starts June 1st, at a price only slightly higher than the loan level.

Clearances of wheat and flour, as tabulated by Broomhall, amounted to nearly 7 million bu for the week, totaling 256.4 million for the season, which is about 18 million more than a year ago. Corn exports for the week were nearly 3 million bu, and since October 1st have totaled 78.5 million, or practically the same as last year.

New crop wheat futures held relatively better than May wheat. March wheat widened its premium over May owing to the fact that there have been some larger shipments of red wheat from this market during the week, and we heard of a round lot which was sold out of here. Milling demand was very light, and there was hardly anything mentioned in export circles. Corn held well, and was not influenced by weakness in surrounding pits. Beans were weak due to the lower loan, and new crop months suffered a severe loss. There was a good deal of bearish sentiment locally, which contributed to the decline. New crop rye futures were very weak due to a 20¢ drop in next year's loan; March rye held relatively better but was some lower. We hear that Yugoslavia still has 4 to 4 1/2 cargoes of red wheat to buy on their authorization. This is in addition to the United Arab Republic business on which offerings were requested.

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CHICAGO, 4 February 20, 1959

Except for the corn loan, which has been set at about 90% of the average price of the last three years, supports for other grains announced Wednesday by the Department of Agriculture were established at 60% of parity, and show sharp reductions from previous years. This is quite a change in policy since 1953, when Ezra Taft Benson became Secretary of Agriculture. Even though at that time it ould be seen that our surplus problems would become greater, there were many objections to a change from the 90% concept because it did not appear to be politically expedient at that time. However, as that theory was obviously obsolete, it became evident that a new formula for agriculture was needed. Because of the geographical alinements, Congressional farm representatives found it difficult to agree, as well as the fact that what might be a good solution for the marketing of one grain was not necessarily good for another. Eventually, as an example, the wheat problem might be solved by direct subsidy payments to farmers, whereas this system would not necessarily work for corn, as 85% of the crop is normally fed and only a relatively small balance comes to market. Consequently, in analyzing the 1959 loans as just determined, it appears as though oat farmers, with only a 50¢ guarantee, will plant enough for consumptive requirements, and will not be so ready to exceed those needs as government help will be of smaller proportions than in past years. The same is true for producers of soybeans, barley, rye, and sorghums, as growers of these grains will not be so willing to plant in excess of normal commercial usage because if they do, they will not find government help in the form of loans as lucrative. It is possible that these lower loans may lead to eventual reductions, and possibly the elimination of subsidies altogether, for these grains at least. However, the real problem without question is still the wheat accumulation, with corn a close second, and the problem still remains for effective legislation to resolve these situations.

There has been additional cold weather over the grain belt, and the prospect is for more of the same, which might ultimately take its toll of winter wheat conditions. Undoubtedly abandonment will be heavier than last year, and with the price of new crop wheat lower than a year ago at this time, this may help maintain firmness in our markets.

There was some export news, with Yugoslavia having bought better than a cargo of red wheat, which is part of their authorization, of which there are still some 4 cargoes to be sold. Large quantities of red and soft wheat are to be offered to the United Arab Republic under their authorization to purchase 50,000 tons each of red and hard wheat, and 100,000 tons soft white wheat.

Flour business was extremely light in hard spring wheat flour, according to The Southwestern Miller, but there were fair sales of soft flour over the Midwest and Central States. The same source also claims that country offerings of hard wheat were liberal, including some ineligible protein wheat from Nebraska and Colorado.

According to advices from Broomhall, there have been some frosts combined with little snow in western Germany, which undoubtedly will result in considerable weakening of winter grain plants. It is too early to know just how seriously grains have been affected, but it is thought that as growing weather appears, losses in some cases may be extensive. Similar conditions have been reported in other Continental countries. However, it is too early to attempt to evaluate the damage very definitely.

Primary receipts of wheat were 1,370,000 bu vs 1,170,000 bu last week and 1,033,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a decrease of 52,000 bu. When the visible supply is posted on Monday it will compare with a decrease of 1,279,000 bu a year ago.

Although markets were generally quiet throughout the session preceding the 3-day holiday weekend, old crop wheat was relatively firm in relation to the new crop. There was very little news to guide the market, but strength in March and May indicates some backspreading and short covering following yesterday's weakness, which was more or less sympathetic to the lower loans established for other grains. There was a fair recovery in soybean meal, and this probably was due to short covering, as well as the fact that processors' offerings are generally firmer than yesterday. Sentiment in new crop beans was better following yesterday's severe weakness, and here, too, some short covering has taken place.

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CHICAGO, 4 February 24, 1959

"Our free enterprise Democracy is the greatest economic system the world has ever evolved, but there is one controlling requirement which must never be overlooked. The system is based on solvent government and sound money, and it is in this requirement that we have allowed ourselves to become weak." This statement by Senator Harry F. Byrd, an outstanding authority in fiscal policy, gives us much food for thought, particularly when we review some of the figures that are a part of our economy today.

It is a fact that our federal debt at the end of 1958 was $283 billion, which is close to $7,000 per family in the United States. In the past 25 years, the average tax paid by an American family has risen from $120 to $1,6000 a year. These figures are astronomical, especially when we consider the fact that these are times of peace, and even now our federal government is unable to balance the budget when production and national income are at an all-time high. Of course, it is important even at great costs that we maintain our balance of power with the Communists. A jet transcontinental bomber of today costs about $8 million, which is considerably more expensive than the $600,000 outlay for a B-29 bomber at the end of World War II. An atomic submarine costing about $90 million is twenty times more than one of World War II vintage, and the operation and development of rockets and missiles are expensive, too.

However, this does not mean that unlimited federal spending is inevitable, particularly when analyzing our agricultural programs and their cost in relation to the benefits provided. Four-fifths of our agriculture is free of controls and doing fairly well; it is the remaining few outmoded programs which are saddling the government with such high costs. We are growing more wheat than we can consume and sell abroad. Our investment in this one crop alone, according to Secretary Benson, is expected to reach $3 1/2 billion by July, and most of the benefits will be received by less than 10% of the wheat-producing families in the country. Our staggering spending programs must be controlled and our budget must be balanced if the economy of our country is to remain strong.

The Southwestern Miller says there was only a semblance of activity in the flour trade over the week-end, and only a slight flurry of business, which was done in the Central states where cracker and cookie bakers filled out their 60-day needs.

The Department of Agriculture announced a P.L. 480 agreement with Turkey to finance the sale of $34.7 million worth of agricultural commodities, of which $30 million was for soybean and/or cottonseed oil totaling approximately 198 million lbs.

New estimates by the USDA show expectations of wheat and flour EX~~im~~ports for 1958-59 to total 450 million bu, which is 20 million bu larger than their previous estimate, and compares with last year's total of 402 million bu. The increase is expected to come about from larger PL 480 shipments, as well as an increased demand for feed-wheat, principally soft red, which may be as much as 10 million bu within the year.

Chicago stocks of wheat decreased 315,000 bu, leaving a total of 7 1/2 million bu. Corn increased 816,000 bu, bringing the total to 19,095,000 bu. Rye stocks are 33,000 bu less than a week ago, and the total, including that which is afloat, is almost 1 1/4 million bu. Local bean stocks are 187,000 bu less than last week, leaving a total of 11,632,000 bu.

The U A R, which was expected to buy some wheat under its authorization, has delayed making purchases at least temporarily, as the terms of the contract are being referred to Washington for adjustment. It has been reported that the Arabs have completed an agreement with Russia for the importation of over 7 1/4 million bu of Russian wheat during the first three months of 1959.

Chicago corn-hog ratio as of February 21st is 13.1 vs 13.6 the previous week, and 18.2 a year ago. The government continues to sell corn under their reconcentration program. Receipts in Chicago were 820 cars of which 412 were CCC.

Although markets were very quiet and there was little news to guide them, new crop wheat futures were rather firm, with December making a crop high. Soybeans were also higher as there was some commercial buying early in the session.

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CHICAGO, 4 February 25, 1959

A good many legislators have been critical of the President's new budget of $77 billion for fiscal 1960. Even this early in the Congressional session, it appears to be "bulging at the seams," with many suggestions for additional expenditures that were not included in Mr. Eisenhower's program. The one important problem for us, as Americans, is to tackle the problem of getting our spending under control. It will be necessary to revaluate our services more critically, so that some of the unnecessary ones can be dispensed with and some of the more costly be performed more economically. We must admit that we are living in a different world than we were 25 years ago. A prominent Senator, who has been in office for a quarter of a century, noted that when he first went to Washington, there was only one big federal subsidy--$250 million for highways. Today, there are 40 million persons who are receiving checks from the Federal Treasury. There are 62 programs of grants to the states involving nearly $5 billion each year. In addition, the Federal Government has extended credit to individuals, business, and housing, totaling nearly $80 billion. Spending today is so popular that with governments just as with individuals thrift and self-denial need to be rediscovered. Probably the first principle that should be adopted is the curtailment of any new spending program unless its urgency is established beyond doubt. Then as an offset some other less essential or outmoded program should be cancelled whenever or wherever possible. Final approval should be made only after the impact on future spending, as well as the first cost, has been made clear.

Another vital issue should be the removal of Federal Government from enterprises which compete with private business already satisfying the same needs. The Federal Government should also remove itself from activities that could or should be performed locally. The Hoover recommendations have been followed in part but not to the extent that efficiency of operations has been well performed, and this should also be a continuing task, including such federal agencies as agriculture, and even the military. Only by vigorous action can we hold the line and balance our budget, to finally win victory which is so essential in our battle against inflation, which is acknowledged as the greatest threat to our economic growth.

There was not too much news overnight. We heard that Germany during the past few days had sold 25 to 30,000 tons German rye to neighboring countries, which they are expected to replace with milo, corn, and oats. Locally, there was not much corn booked along the river points last night, and generally speaking, the country is not in a selling mood. With export business in red wheat spasmodic, there has not yet been a big demand. We are told, however, that Chicago is well in line with competitive prices east and south. In any event, it seems pretty well established that Chicago stocks will be largely depleted before the next harvest. Whether or not this will be reflected in the March delivery remains to be seen, but in any case, some people anticipating spring requirements may take tenders on the nearby contract.

The visible supply of wheat which was posted late showed an increase of 975,000 bu so the total stocks in all positions are 350 million bu vs 284.4 million bu last year. Corn stocks increased 752,000 bu, oat stocks declined 372,000 bu, and there was also a decrease in bean stocks of a million bu, but we still have 7 million more in all markets than last season. Primary receipts of wheat of 1.4 million bu were a little larger than last week and more than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 297,000 bu.

Markets were very dull and uninteresting. There was less crop news than yesterday, although the weekly government bulletin called attention to the fact that wheat was greening out in the Great Plains area as far north as southern Kansas. However, they added that additional moisture was needed in much of the winter wheat territory of Texas, Oklahoma, New Mexico. The crop was believed to have wintered well in Kansas and most of Nebraska. New crop wheat futures had an early bulge which was not maintained. There was some selling of March beans which widened the carrying charge slightly. Little, if any, attention was paid to higher prices for meal. Corn was very firm; there was a little buying at times but the market lacked breadth and there was not much selling on advances. Spain may buy some corn shortly. Rye was quite strong with the May future advancing a little more than March.

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CHICAGO, 4 February 26, 1959

In a recent speech in New Jersey, Secretary Benson reverted to some strong adjectives in describing this country's agricultural dilemma as it exists today. He said the farm program is outmoded, unfair, costly, harmful, and discriminatory, and to put it plainly, " the old farm program is bankrupt." Surpluses have been built up to such a point that stocks of wheat are large enough, so that if farmers did not produce a single bushel for an entire year, we would still have enough to meet all our needs. By July, 1960, it is anticipated that the government's investment in price supported commodities will exceed $10 billion. These must be stored and eventually disposed of at a heavy loss. For example, during the next year we shall spend over one billion dollars just for storage, transportation, and interest on these government-held surpluses. The largest discrepancy in our program has been that payments have been made to farmers on the basis of acres under production while in reality technological advances have made possible much higher yields than ever before. In no other country does a family farm produce as much as it does in the U.S. For instance, our farmers produce ten times as much per man as workers on Russian collective farms. American growers backed by experience, research, and modern equipment, are the most efficient in the world. Unfortunately, our farm program has usurped the government's proper function of promoting farm research, protecting and conserving soil, etc., and as a result instead of helping to stabilize markets, we are pricing ourselves out of them.

It is coincidental that a report from Washington this morning states that a Senator is planning to ask for a Senate investigation of "government bungling" in the billion-dollar farm price support program. The purpose, as stated, is to first try to expose the public to what is involved in the cost of the present farm price supports and the storage of government-owned surpluses, so that people may be more receptive to new legislation.

With the recent strength in soybean meal, it is noteworthy that the Census Bureau report shows production of 872,000 tons in January of 1959, which is a record. This is almost 150,000 tons more than a year ago, and at the same time stocks are 18,000 tons less, all of which points out the increased usage of soybean meal as a protein feed.

The Southwestern Miller says that offerings of hard winter proteins were larger in Kansas, and increased amounts were offered over the hard winter wheat belt as loan redemptions increased in Oklahoma and Texas.

U.S. wheat and flour exports so far this season, according to Broomhall are 263 million bu vs 244 million a year ago. Shipments of corn are 82 million bu vs 82.4 a year ago. Broomhall's Foreign Crop Summary says mild weather has been the feature over much of Europe and field work is possible in a number of countries. Wheat growth appears satisfactory and there is less apprehension of adverse conditions than had been reported earlier. In France, clear weather has facilitated spring work as well as in Western Germany where weather has been mild. However reports from the latter country are more pessimistic owing to alternating frosts and thaws, though the general outlook is still satisfactory.

The Kansas Weekly Crop Report states that wheat has made very little top growth during the winter, but root development is satisfactory due to fair amounts of moisture and the crop is mostly in good to excellent condition.

Primary receipts of wheat were 1,452,000 bu vs 1,272,000 last week, and 1,293,000 a year ago. Stocks of Kansas City and Minneapolis wheat together increased 419,000 bu.

The market in general was rather firm throughout the session with activity a little better than it has been. March wheat gained and even though there may be some tenders announced tomorrow, it could be that they will fall into strong hands. Corn was firm, but we are told that the country is more willing to sell on advances as the price is now very near the loan level. In spite of the strength in meal, soybeans were pretty much unchanged as supplies in Chicago are large and there might possibly be fair quantities delivered on the March contract. New crop oats were higher as cash people think plantings will be reduced as a result of the lower loan.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 27, 1959

After the close of the market yesterday, the Agricultural Department raised its figures on the amount of various grains and commodities under price support. It seems that January 31st fell on a Saturday, and the government permitted farmers to apply for loan entries through February 2nd, which was a rather unusual affair, but owing to the last minute rush to obtain loans, this extra time was granted. Furthermore, there is always a lag in securing figures from county agents until they reach the IBM machines in Washington. In any event yesterday's revised figure on wheat showed that 603 million bu had been impounded, and since there was no new figure on redemptions, we assume that there must be 572 million bu net under loan. The largest previous quantity under support was 557 million bu in 1953. We have been saying for a long time that a new record high would be made this year owing to the fact that the crop was also the largest ever raised, and conditions were favorable to the farmer for entering the loan, which in many cases was more advantageous than selling on the open market. We shall go one step further and predict that if prices stay down, next year will also be a very large loan year, probably for the reason that many producers may feel that with the policy of lowered supports, it may be their last chance to obtain a price of about $2.13, basis Chicago, under the present support formula. It is almost a foregone conclusion that unless there are political obstacles to prevent Mr. Benson from cutting the loan rate, there will be asharp drop for the 1960 wheat crop.

As matters now stand, with the 572 million bu presently withdrawn from commercial supplies, and adding 615 million bu that is being domestically consumed, plus about 300 million bu wheat exported from the free stock, together with 25 million of ineligible wheat that may not come on the market, we can account for about 1,512 million bu compared with total production last summer of 1,462 million bu, plus about 10 million bu of imports. In these circumstances, we believe that old crop months will continue to remain strong. The Department also showed an increase of 1 1/2 million bu in rye impoundings to a total of 10.6 million bu, and an increase in soybean impoundings to 137.2 million bu, which was 13 million more than the previous estimate. Likewise it was more in line with expectations.

As a result of this news just referred to, there was a general buying spurt in the various pits at the opening of our market. We heard that Israel had bought 8,500 tons beans, and 1,000 tons corn in a combined cargo for March shipment, via the Gulf. USDA estimated that the carryover of soft red winter wheat on June 30th would come to a figure of 16 million bu. This would compare with only 6 million bu a year ago, which was too little for comfort. The reserve stock, while a little more than last season, is certainly small in comparison with an expected carryover of all wheat of 1,283 million bu, which is a new figure based on exports of 454 million bu and possible domestic disappearance of 615 million bu.

Primary receipts of wheat were 1.6 million bu vs 1.3 million bu last week and 1 million bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total increase of 281,000 bu. When the visible supply is posted on Monday it will compare with last year's shrinkage of 1 1/4 million bu.

Trade today was very active, and we probably had the largest volume of any day in the month. This was due to a combination of factors. First of all, there were heavy tenders on March bean contracts, which amounted to 3.6 million bu, wheat tenders amounted to 1.7 million bu up to noon, 205,000 bu of oats were tendered, and some small quantities of soybean meal and lard. Of course, the biggest feature was the story on impoundings, and as we have noted earlier, old-crop wheat could still become tight because of artificial aspects, and we believe the market will have to reach a point where additional redemptions are possible. The Chicago loan price on next year's wheat will probably be $2.13 gross, or $2.00 net. With July wheat selling at a good discount, and cash wheat probably even at a slightly lower figure next July, we still favor the long side, but recognize that there have been good advances, and that some reactions may occur. Corn was very firm, and even on the advance not much was booked along the Illinois River today. Some of the offerings at price limits of yesterday were not available this morning.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 2, 1959

Even though the U. S. wheat consumption per person in 1958 was 167 lbs this is only a little more than half the 315 lbs consumed 50 years ago. The reasons for this are changes in our standard of living and the fact that economically people are more advanced in this country today than ever before. Nevertheless, this per-capita consumption of bread grain points to an ever-changing process of statistics when we note that in spite of the per-person reductions, there was a total of 478 million bu consumed for food last season compared to the almost like amount of 475 million bu in 1909. In other words, while our population has increased from slightly over 90 million to approximately 175 million persons, these are obviously times when our people can better afford increased amounts of beef and other meats, as well as vegetables, fruits, etc. At the same time, we can take notice of the fact that our total supplies of 2,352 million bu of wheat compared with stocks on hand of less than 750 million bu half a century ago, so that even though we will export almost 400 million bu more than we did in that period, our problem today is how to cope with our huge supplies in view of the fact that we are using much less wheat for food on a per-capita basis. This is a trend that has been quite consistent although recently the signs point to a leveling off, and in 1959, it is anticipated that each person in the U. S. will consume as much wheat as the year before.

It is anticipated that the United Arab Republic will announce its intentions in the near future to buy, under their authorization, soft red and white wheat. There are 50,000 tons of each variety involved for March and April shipment. Pakistan has also requested offers for acceptance today, and it is thought that India will be in the market early this week. Yugoslavia bought a cargo of hard wheat for shipment out of the Atlantic, and it was reported that a cargo of corn was sold to Ireland for immediate shipment. Also, Austria was reported to have bought a cargo of northern spring wheat for first half April shipment.

The Southwestern Miller says that with the price level at a new season's high, elevators in the Southwest are hopeful that country purchases will be on the incline and in this respect we are advised by Kansas City that Texas and Oklahoma producers have sold fairly good amounts, with the futures advancing, and as a result cash premiums in the Kansas City market are about 2¢ less on gulf basis than two weeks ago.

There has been very little moisture over the Southwest and the Weather Bureau's 30-day outlook, which is nothing more than the word implies, anticipates normal moisture over the wheat-growing areas.

The Santa Fe Railway March crop report stated there has been cool weather but generally adequate amounts of moisture over most of the winter wheat territory except for parts of southwest Oklahoma, west Texas, and eastern New Mexico where serious deficiencies have existed since late September. In the northern wheat areas there may be some winter kill damage in spots where the ground was not covered by snow as the frost comes out of the ground.

According to a report by a downstate Illinois elevator company, it is difficult to tell what the March 18th government report on planting intentions will show. However, it is generally thought that the oat acreage will be less than last year, and this land will be used for corn which might be increased as much as 5% over last year's acreage. At the same time, they judge soybean acreage will remain approximately the same as last year.

Chicago wheat stocks for the week show a reduction of only 84,000 bu, leaving the total 7,435,000. Corn on the other hand increased 821,000 bu due mainly to the continued receipts of CCC, and Chicago stocks now total almost 20 million bu. Oats are 123,000 bu larger totaling almost 2 1/2 million, while rye stocks decreased 35,000 leaving 1,088,000. Beans are 211,000 less and stocks are 11,421,000 bu. The U.S. visible supply of wheat showed an increase of 2,680,000 bu which is unusual for this time of year. Soybeans decreased 488,000 bu.

Nearby wheat and bean futures were relatively strong throughout most of the session as tenders on March contracts in these two commodities were well taken. However, there was profit taking after the sharp advance of the past two sessions. At the same time new crop wheat was lower as there seemed to be fair spreading between new and old crop months. New crop beans were weak as reports indicated plantings might be heavier than originally anticipated.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 3, 1959

Farmers today are faced with the same problems as all people in industry and business: that is, the never ending process of trying to make ends meet. In spite of the fact that national gross farm income set new all-time highs in 1958, producer's returns are not nearly as lucrative as one might think in view of the inflationary times and high living costs with which they are faced. In 1958, the net farm income was $13.1 billion, and even though this is the highest figure for the past five years, it, nevertheless, compares rather unfavorably with the $17 billion return of 1947, a year which was the highest on record. The reasons are clear. Not only has the cost of machinery and labor skyrocketed, but like everyone else, farmers must purchase those goods required for their every-day needs, as well as pay taxes and insurance, all of which have tended to increase steadily. It is interesting to note that their net income per person of $1,068 this past year from farm productivity reached a new peak. In addition to this, these rural families realize about 40% of their net income from non-farm sources, and more than one-third of them work off their land 100 or more days during the year.

Despite the fact that there has been a rather steady downward trend of prices received for grain the past ten years, as a result of increased production and Benson's sliding-scale loan formula, growers' returns remain at a fairly steady level due to the ever-increasing amounts raised. Last year's wheat crop was the largest in history, and the 158 million tons of feed grain on hand is not only a record, but also, an incentive for heavier feeding than at any time in our history. With this in mind it becomes easier to explain the fact that our hog population was 12% higher than 1957, and the number of cattle and calves on January 31st were some 3 1/2 million head greater than a year ago.

Overnight news was extremely quiet, and by Thursday there may be acceptance of offers on 50,000/tons each of soft red and white wheat to the United Arab Republic. Flour business has been quite slow, although there is some talk of small amounts of export business that might be consummated in the near future, with India and Pakistan expected to be the main buyers. There is continued talk from the Southwest of country offerings as a result of market strength of the past few days. The Southwestern Miller speaks of a lower basis on protein spring wheat varieties, as there was substantial selling by CCC, mainly off-grade quality.

Primary receipts of wheat were nearly 1.5 million bu which compared with 4.3 million bu last week and 1.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 253,000 bu.

There is still a good deal of speculation as to the outcome of March wheat. When we look at the figures we find that in the five large soft winter wheat states comprising Illinois, Indiana, Missouri, Ohio, and Pennsylvania, there is 19.5 million bu under price support. The redemptions in this area have probably been small. Also there may be some hard wheat included in the amount under loan but as an offset there is undoubtedly some soft wheat impounded in such other states as Kentucky, Maryland, Tennessee, the Carolinas, and Delta states. Against this the government estimates that the carryover of red wheat on June 30th will probably amount to only 16 million bu so it is possible that most of the soft red winter wheat will be under support unless further redemptions take place. On this basis the adjustment between supply and demand could be close indeed. Whether it will be manifested in March remains to be seen. Those who carry wheat will have to pay about 2 1/2¢ per bu per month if there is not an immediate demand. So far most of the deliveries have gone into the hands of one large commission house and the longs may have even paid a premium in buying their March commitments over May price. Therefore, the outcome of price changes in the nearby delivery is still quite uncertain, particularly if more tenders are made. March wheat today lost ground on other months, and there was some liquidation in this contract as well as some back-spreading.

Beans were weak on profit taking and lower prices for meal. We have had a big upturn in the last few weeks and the spot meal market now is less keen so that reactions were not at all unexpected. There was some early buying of March beans against May at a differential of 2¢, but when these orders were completed a slight widening occurred. Corn was a shade lower, but there was no pressure of consequence from country selling. Little attention was paid to sales of Pacific Coast wheat to Pakistan.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 4, 1959

During the formative years of the 20th Century, while the Russians were ngaging in political revolution, the U.S. was more concerned with matters of a echnological nature. Tremendous strides in both industry and agriculture have set s apart as the number one nation in the world in total production today. We are reatly concerned with the latter field in which our farmers since 1910 have sueeeded in doubling total output, and at the same time utilizing one-third less manower, and with only a slight change in the number of acres under cultivation. In he last 20 years alone, technological advances in agriculture are such that our outut per man has increased 83% on farms, which is far greater than any other phase f the economy. It is very important that we have made these strides, and that this rend in accomplishment continues. However, the one thing we must not do is to rrive at a point of diminishing returns. If over-production results in the accumulaion of surpluses and the eventual destruction of free markets, then we must rexamine the program so that supply and demand forces can reach a happy medium. s we have recently mentioned, population growth alone has not accounted for all he increases in commodity consumption as actually there has been an upgrading of he diet as the income level rose. There have been attempts at market expansion, oth domestically and in the export field, but even some programs such as P.L. 480 nd other give-aways, may be harmful to our economy as a policy of underselling ther countries in world markets only tends to undo the good we have tried to accomlish. Thus it now becomes as important as it was 50 years ago that the growth in our economy be of a technical, and at the same time, sound and logical nature rather than a political one. Otherwise our country cannot maintain its wonderful pace.

The front page news the past few days has been concerned with the forthcoming Russian ultimatum to the Western Powers relative to a withdrawal from Berlin. No one knows what the eventual result will be if Premier Khrushchev continues his demands for a top-level conference, and following Prime Minister MacMillan's turbulent trip to Moscow this past week, it is evident that forthcoming events will be of major importance and certainly will bear close scrutiny as the outcome will be of great import.

According to a report by Broomhall, the Brazilian wheat crop will total only 12 million bu as compared with last year's crop of 29 million bu, and this is termed almost a failure. On the other hand, corn shows fair promise, and an average production of 6 1/2 million tons is forecast. Overnight India was reported to have bought between 60 and 80,000 tons hard wheat out of the Gulf and some small amounts on the West Coast.

Primary receipts of wheat were about 1.5 million bu which was a little more than last week but almost twice as much as last year. Kansas City and Minneapolis stocks so far this week show a total increase of 459,000 bu.

The trade did not pay much attention to snows that were reported for many parts of the Southwest with heavy accumulations expected up to 4 inches in some parts of Kansas accompanied by high winds. The Weather Bureau also spoke of similar conditions in Oklahoma with as much as 4 inches in parts of the Panhandle of that state. Locally heavy snow accompanied by northerly winds and blowing is also likely for the extreme south central portion of Nebraska. Actually new crop wheat futures were quite firm and there was also strength in the nearby months which was occasioned by a good deal of export buying of hedges. The bean market was quite strong on short covering and local buying, and the fact that soybean meal was cheaper did not seem to influence sentiment. The March future gained a little on May and so far, a good percentage of the tenders had been taken by one commission house. We had the first deliveries of corn and for a brief period this had some effect on the nearby future, but later it was presumed that possibly the corn had been stopped by a processor account, and the market firmed.

Flour business remained near a standstill and about the only other commercial business except what was mentioned earlier was the purchase of a cargo of hard wheat by the United Kingdom, shipment to be made March 20th through April 15th.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 5, 1959

The 1959 minimum national average support for wheat has been established at $1.81, and this compares with the $1.82 allowed producers in 1958. Although these two figures are within a cent of each other, yesterday's announced terminal wheat support rates for the coming year will vary somewhat from the year earlier, as a result of some changes in freight rates and the fact that county rates reflect those in the terminal markets less the railroad and handling charges needed to get the wheat to these destination points. For comparative purposes, some examples of this year's loan prices are $2.11 for number two hard wheat in Chicago and Kansas City as against $2.14 last year and $2.09 vs $2.11 in 1958 for number three soft red in Chicago. The Galveston export rate will be 2¢ less than a year ago and number one hard red spring 16% protein wheat in Minneapolis will be $2.28 in 1959, a penny less than the year before. These loan rates will again be important in 1959, as the government guaranteed price is enough in line with that of the last year, so that it is not difficult to believe that impoundings again could be heavy when the new wheat crop is harvested. This is particularly true when we consider that over 600 million bu was placed under government support this year and with the Department of Agriculture tending to reduce loans all along the line, this may be the last crop from which farmers will be able to benefit at the present high level.

Overnight there were generally heavy and favorable moisture reports from the entire central sections of the U S. A major storm deposited a heavy snow blanket from northwest Kansas to eastern South Dakota, as well as Iowa, Nebraska, and northern Missouri. This front is expected to move east and south of the snow belt. There were reports of rain and thunderstorms in eastern Texas, Oklahoma, and Louisiana. The various weekly crop reports show generally good to excellent conditions over the central hard wheat areas, with some exceptions noted. In Kansas farmers took advantage of mild weather last week to accomplish considerable spring field work. Oat seedings are about one-tenth finished in this state, as well as Oklahoma, where scattered showers the past seven days have left the soil in fairly good condition for this time of year. These reports will be more frequent and of extreme importance, as early growth which is now beginning determines to a great extent the final outcome of the plant.

The Arab business developed to the extent that about half the purchases which they contemplated were covered today and consisted of 4 cargoes from the East Coast, of which one cargo was red wheat and the balance white. They also purchased a cargo of wheat at the Gulf that consisted of mixed wheat, which was a little surprising. In any case there were hedges covered, mostly in the May future, which gave us a firm market. There was also a report that Egypt had bought 50,000 tons flour for March-April shipment, mostly at the Gulf. The fact that our total wheat and flour shipments may reach a figure of about 450 million bu leads us to the conclusion that more hedges will be covered from time to time and thus give us the basis for firm markets.

New crop futures were probably a little influenced by lower terminal support levels, and by the same token if the net loan in Chicago is about $1.98, the price of July wheat at the moment is only about 10¢ lower, which may not be sufficient encouragement to bring in heavy buying support at these levels. We do, feel, however, that the long side will be attractive to investors on setbacks.

Primary receipts of wheat were 1.3 million bu which compared with 1.4 million bu last week and only 826,000 bu last year. Kansas City and Minneapolis stocks show a total increase of 628,000 bu.

We had a very broad market in wheat, with March and May selling at new crop levels only to break sharply toward the last. The strength in these deliveries brought a little more wheat out from the country, and we are told that Chicago buyers are booking a few cars each day from the country. New crop futures were strong early, with December wheat registering a crop high. The deferred months closed weaker. The corn market was firm, but there was no large interest considering the activity in the leading cereal. The spot market was 3 1/2 to 4¢ over. Beans were rather indifferent, and higher prices for meal did not seem to bring much buying in beans. The spot market in meal was little changed despite advances in futures.

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CHICAGO, 4 March 6, 1959

The latest figures show that the U. S. has exported, since July 1st, 272 million bu wheat, which compares with 251 million in the same period last year. The projected total for the crop year has recently been increased to 450 million bu as a result of shipments of some poor quality feed wheat and increased sales under P. L. 480. This last mentioned program is an important factor in our export business, as the amount of wheat sent from our ports through this medium last year, as well as other barter and give-aways, totals 62% of the entire U.S. shipments. Even though this past year's crop was the largest in our history, it is still difficult to export larger amounts than we already do, as our Canadian neighbors are our main competitors, and with a total crop and carryover in that country in 1958 of almost a billion bu, they, too, are attempting to maintain their share of the world market. As a matter of fact, of the total world exports of 1,200 million bu last year, this country and Canada together accounted for 720 million bu, which is well over half the over-all amount. In view of the vary large supplies of wheat on hand, we must continue to fight for our share of world markets, and at the same time not undersell other nations, as their economic welfare is important in maintaining mutually beneficial relationships.

There were more good weather reports emanating fromthe Southwest overnight, with snow and rain accumulations beneficial; Kansas received the largest amount. With the strength in old crop wheat futures yesterday, reports from the Southwest expressed disappointment over the absence of any materially increased country selling, despite the fact that season's highs were established. There were large export bookings of flour and India is reported tohave bought one, and Spain two cargoes of spring wheat for April shipment out of the Gulf.

Broomhall cables that this year's Indian wheat production is expected to reach 10 million metric tons, which is a very large crop for that country, and compares with 7.7 million metric tons last year. We have had reports from our Northwest that CCC has been selling out-of-condition wheat, and will continue to do so until they dispose of some 6 million bu that they now have on hand.

In addition to figures already mentioned on wheat, the U.S. has exported 83 1/2 million bu of corn since October 1st which is the same as last year. Oat shipments are 19 million vs 15 1/2 a year ago, and rye 7.1 vs 3.1 million in 1958. According to The Southwestern Miller bakery flour sales are of small size and business is almost at a standstill. Heavy backlog orders accounted for the lack of interest. However, they do speak of substantial export business in flour which is in prospect over the weekend.

Primary receipts of wheat were 1,496,000 bu vs 1,659,000 bu last week and 725,000 a year ago. Kansas City and Minneapolis stocks show a net increase of 698,000 bu. The visible supply when posted Monday will compare with a decrease of 438,000 bu a year ago.

Markets were generally quiet during the morning as there was very little news to guide them. Old crop wheat still holds much interest as there is a very close adjustment of red wheat in Chicago, as the carryover will be small and most of the holdings are in government hands. In spite of this March and May were lower today, probably due to some profit-taking. Deliveries on March contract have been well taken by one commission house, and it remains to be seen whether cash interests will eventually take the stocks of free wheat in Chicago. New crop months were also lower as the heavy moisture accumulations in the Southwest have had an effect, but it is too early in the year to expect much pressure and some crop damage reports are not unusual during the growing season. March corn futures were easier as a processor that reportedly took delivery of small amounts earlier in the week became a fair seller. Although the spot market remains about unchanged at 4 1/2 over, the CCC continues to move corn from their stocks to this market. Beans were a shade easier, and there was some liquidation earlier in the meal as we understand cash buyers didnot follow yesterday's market strength, and the demand is somewhat easier than earlier in the week. Rye and oats were a shade easier, probably in sympathy with other grains as there was little feature.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 9, 1959

There has been a great deal of attention focused on Congressional discussions of agriculture in the present legislative session, and whether or not any constructive measures will eventually be passed. So far there has been little more than political haranguing as the main obstacle appears to be a divergence of opinion among Senators from different geographical locales, and the fact that crops grown in their respective areas require special and individual attention. For example, Southern Senators show little disposition to change the present laws of price supports as they apply to cotton. At the same time there are a variety of opinions expressed as to the proper steps in reducing wheat surpluses and government costs to growers of this grain. We are inclined to agree with those who think that some sort of domestic parity plan might be the right course of action, as this method would permit the direct payment of funds to farmers for wheat grown to meet domestic needs. Not only would this discourage excessive planting, but at the same time expenses, such as storage payments and the huge labor costs of administering the present price support program could be greatly reduced. At any rate the price support policy is outdated and has produced harmful inequities when we realize that over 2 million present-day farms produce 91% of the marketed commodities grown, and the remaining 2.6 million producers receive very few benefits as the crops they raise are mainly for supplemental income or for their own usage.

Most experts agree that Congressional progress is at best moving slowly towards a solution, and it is thought that possibly no bills will be passed during the current session. There is, however, a uniformity of opinion that excessive surpluses and high costs of administration have become so unwieldy that there should be a remedy in the near future.

The National Grain Trade Council reports that the U.S. and India have concluded a barter arrangement for this country's wheat, which officials say will be approximately 450,000 metric tons. They hope to initiate a program by June of this year, and it is noted that the wheat will come from CCC stocks. This sale is in addition to a P. L. 480 procurement by India for surplus U.S. grains, which has been virtually completed, although the physical movement of these grains is still to be accomplished. In addition to this Holland is said to have bought parcels of corn, milo, and soybeans, and a seaboard house was the successful bidder on 10,000 tons flour for Ceylon..

The Southwestern Miller states that farm selling in Kansas and Nebraska was extremely light, and country elevator offerings, which had been good-sized, were noticeably reduced. The reverse of this was true in Oklahoma and Texas where rather substantial amounts of wheat were sold.

At present there is a quiet situation in soybeans as country offerings are extremely light. At the same time processors have on hand approximately 3 months' crush, and the result is that there is neither market pressure nor a rush to buy. We are informed by the University of Illinois that crushings October through January were at the rate of 1 1/2 million bu a week, and if this pace continues the rest of the year the carryover will be 50 to 60 million bu instead of earlier estimates of about 90 million bu. There will be enough beans under government loan so that supplies will eventually have to come from this source, and it appears that the CCC selling price will be an important market factor as this adjustment is made.

Stocks of wheat in Chicago declined only 71,000 bu this past week, leaving a total here of 7,364,000. These shipments are of small size, probably due to the fact that that market made new highs earlier in the week causing a reduction in the demand as prices in the eastern markets were more competitive. Corn supplies increased 1,623,000 bu, leaving a total in this market of 21 1/2 million bu. Oats decreased 205,000 bu, and the Chicago total is 2,240,000 bu. Rye stocks are 20,000 bu less, leaving 1,168,000 bu. Beans decreased 110,000, but there are still 11,311,000 bu in local elevators. The visible supply of wheat increased 4.4 million bu compared to a decrease of 438,000 bu last year. Corn increased 3.7 million vs 581,000 a year ago.

Markets were generally firm, and it is thought that with the Berlin tension so much in the news that this caused some short covering. Wheat and beans had little other news to guide their strength, and a firm cash situation influenced the rye market where prices were some 2¢ higher.

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CHICAGO, 4 March 10, 1959

An earlier estimate of USDA was confirmed with the overnight report that as of January 31st total investments in farm surplus exceed $9 billion. Included in these figures are $5.2 billion worth of commodities owned outright by the government plus the record figure of $3.8 billion worth of grain which have been placed under support thus far from this past year's crop. In addition, this amount will become larger still as cotton and corn producers still have time allotted them in which to take advantage of the loan program. The indications are appalling for next year as well, when we realize that the wheat loan, which is approximately the same as this year will probably again attract similar quantities to government storage, and corn even more so, as the loan price for all growers will be some 6¢ higher than granted the 87% non-compliance farmers this past year.

In addition to the aforementioned dollars invested in surpluses, the proposed budget for the coming fiscal year might easily reach $7 1/4 billion, thus emphasizing the terrific burdens taxpayers are asked to bear. Unfortunately, too few people realize the intricacies of our farm program and its vast scope, or certainly more pressure would be brought to bear on Washington legislators. Although there may be a difference of opinion as to the proper solutions, one thing is certain, and that is, the situation must be resolved before the proverbial straw breaks the camel's back.

Deliveries in soybeans have been of good size and of rather general origin, as a number of commission houses had shared in the tenders. They have also been stopped in varying degree by most of the houses on the street; consequently, there does not seem to be any dominant group involved in the March contract. On the other hand, as far as wheat is concerned, there has been over 3 1/4 million bu delivered on the March contract thus far, and one commission house has taken almost the entire amount. The result of this has been firm prices the past two weeks in nearby futures, but a situation is now developing whereby at these levels eastern markets are more independent and Chicago stocks are being drawn upon to a lesser degree. It remains to be seen whether or not demand during the balance of the crop year will be sufficient, so that the remaining free stocks in this city will eventually be wanted.

We hear via The Southwestern Miller that additional requests for offers of 100,000 tons U.S. wheat were made by the UAR, including 40,000 tons of white, 30,000 red, and 30,000 tons hard or spring, offers to be submitted later this week or possibly next Monday. It was also reported that Japan bought a cargo of soybeans overnight for prompt shipment.

Although there was no moisture in the Southwest overnight, the late forecast predicts a storm moving over that area beginning tonight, and it appears as though western Nebraska and northwest Kansas will receive as much as two to three inches of wet snow. There will also be scattered showers in Oklahoma, and the central plains, as well as the Missouri Valley are expected to receive fair amounts of rain. Accumulations in the Corn Belt during the past 24 hours have caused poor conditions on country roads, and we hear that corn in many areas, which might otherwise have moved tomarket, remains on farms or in elevators.

Primary receipts of wheat were 1,978,000 bu compared with 1,469,000 last week and 1,436,000 a year ago. Kansas City and Minneapolis stocks so far this week increased 77,000 bu.

Reports from the Southwest talk of continued slow demand for flour, and it is noted that inquiries for bookings of bakery flour are exceedingly small. There was very little movement of hard wheat in the Southwest overnight, and the tendency temporarily seems to be that farmers and country elevators are more inclined to hold on to this grain and await further price moves.

Markets were on the quiet side today, with some profit-taking in old-crop wheat futures. The new crop was also a shade lower, probably influenced by the weather forecast in the Southwest. There appeared to be spreading in beans with old-crop futures lower and November making a crop high, the latter influenced by reports that plantings may be reduced from last year. Corn was firm, as country selling has leveled off and receipts in Chicago less than they have been. After yesterday's advance the rye market was somewhat lower, probably in sympathy with wheat. Soybean meal was quite weak as the cash market was somewhat lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 11, 1959

Although the U.S. is the world leader in the field of export, this advantage has been on the decline the past few years. Because we are in an era of cheaper competition with world markets, this country has found it more and more difficult in maintaining this position in world trade, not only as the result of high production costs at home, but also, because foreign industries have reached new heights in efficiency and are able to offer more competition than ever before. An example of this is the increasing number of foreign cars we see on our highways, and the fact that the American automobile industry, which has long been a symbol of U.S. industrial leadership, has been unable to compete profitably with foreign manufacturers. Following the war, the U.S. spent great sums of money to bolster the economies of friendly nations, and the result has been that these countries have been able to increase their productivity to the point that they are now in direct contention with us for world markets. While the largest decline in our export trade has been in manufactured items, another weakness, and one that hurts the U.S. economy, is in the shipment of farm commodities. Because of price supports, as well as acreage and marketing restrictions, these goods can be moved in international markets only with the help of subsidies and the exchange of foreign currencies. Here again it is a question of pricing ourselves out of markets abroad as we cannot afford to undersell friendly nations at the same time we are attempting to bolster them.

The cold war we are engaged in with Russia is being waged primarily on an economic front, and the stabilization of our economy is an important factor in the final outcome. Therefore, the consequences of inflation and the wage-cost spiral should be realistically dealt with. Some of the funds that have been used in aiding foreign production might better be spent in promoting domestic expansion, so that the U.S. can compete more profitably in world trade.

Yesterday's weather forecast, which predicted fair moisture over the central sections, failed to materialize, and therewa s little, if any, beneficial rain or snow in the Southwest, with the possible exception of some isolated Texas and Oklahoma points. The 5-day forecast does not promise much in the way of moisture for those areas, although the more northern sections from Iowa through Illinois and Indiana are expected to receive some snow.

Broomhall's Foreign Crop Summary says field work is active in much of Europe,with soil and weather conditions quite favorable. There have been few complaints in regard to winter grain conditions, and crops appear to have come through in better shape than it was thought earlier. Although grains appear somewhat spotty in France, comments for the most part in that country and Western Germany are optimistic, and it is estimated that the Italian crop, on basis of acreage, will be nearly the same as last year.

A conference in Geneva on the subject of the International Wheat Agreement has just been concluded, with a resultant three-year extension of this program. The maximum price was reduced from $2. to $1.90, basis Canada, and the minimum unchanged at $1.50. The U K has indicated it will join the new pact along with Italy, Spain and Mexico. Instead of guaranteed quotas importers will purchase a fixed share of their needs, mainly as a safeguard against Soviet policies of dumping.

Export news includes the purchase of 2 1/2 cargoes of hard wheat out of the Atlantic and 1 1/2 cargoes gulf shipment by Yugoslavia. Also Norway is reported to have bought 3,000 tons of #2 red wheat supplied from eastern stocks, and Japan 2 cargoes of western white, a cargo of hard, and 20,000 tons #2 Manitoba wheat for March, April and May shipment.

Weather conditions in the Corn Belt have kept country shipments at a minimum, due to road conditions, and the result has been higher futures prices, with spot corn firm at 4 1/2¢ over. On the advance there have been a few more country sales, but they are not of very substantial size. Flour business continues dull, with bookings exceedingly small.

Oats were strong with the open interest in March pretty well reduced and reports that plantings of new crop might be greatly reduced from last year. There was little price change in wheat, except for May which lost 1¢ on March. November beans made a crop high.

Primary receipts of wheat were 1,194,000 bu compared with 1,508,000 bu a week ago, and 916,000 a year ago. Kansas City and Minneapolis stocks increased 160,000 bu.

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CHICAGO, 4

March 12, 1959

Regardless of the division of acres used in the production of crops, he one thing that is certain is that feed grain supplies at the end of 1959 will be remendous. In spite of attempts to lower price supports and acreage reserves, xcellent growing conditions and technological "know-how" have increased yields to greater extent than ever before and experimentation is paving the way for even igger and better land returns in the future. It is somewhat encouraging to note that otal disappearance of feed grains this past year was larger than at any other time, nd nearly 20% above the 1952-56 average. The reasons for this include the fact hat with these huge supplies prices were affected accordingly, and resulted in increased hog, cattle, and poultry production and the fattening of these animals by eeding them to their limits with corn, sorghums, and other feed supplies on hand. n interesting sidelight to this is the fact that not only was the hog crop larger than he year before, but in addition every animal averaged 4 lbs. more in weight, so hat total pork available has increased more than the numbers. Even with this eavier utilization record, total stocks of feed grain in all positions on January 1st eached 156 million tons, 12% above those of a year ago, and the corn carryover of ext October 1st is expected to total about 1,800 million bu. Many of the southwestern acres, taken out of wheat production because of Soil Bank restrictions the ast few years, have been used in the growing of grain sorghums, a crop that compares favorably with corn as a feed, and the carryover figures will include some 00 million bu in reserve stocks of this grain in October of 1959.

It is unfortunate, therefore, that the bolstering of prices by means f loan incentives has let to such increased production of feed grains that farmers ow attempt to raise a maximum number of bushels of corn with the idea of impounding much of the excess when in past years 85% of the amount grown was held on arms for feeding purposes, and the remaining small amounts were used for commercial uses. Under those conditions, supply and demand factors regulated production instead of present-day high price guarantees, which are entirely unnecessary when we realize that feed grains are what the word implies: namely, for farm animal usage and not as a burdensome product in the public market place.

Reports from the Southwest overnight showed no moisture to speak of, and the forecast is for dry weather the next few days. The Kansas Weekly Crop Report talks of fair soil moisture reserves in the eastern half of the state. However, high winds caused much of the snow to blow off fields. The 1959 wheat crop made some growth early in the week and again at the end, but was slowed by temperatures in between. However, the outlook continues good to excellent, while in Oklahoma, wheat and other small grains have started their spring growth. However, cold spells and lack of moisture in the southwestern and central counties are restricting plant development.

Broomhall reports U S wheat and flour exports for the week ended March 7th at 7 1/4 million bu, and since July 1st, 282 1/2 million vs 256 million a year ago. Corn exports since October 1st are 84.6 million vs 86.7 million last year. Shipments of rye are 7.1 million as compared with 3.1 million the previous year. There have been inquiries by Vietnam for the purchase of flour to be consummated in the next few days, but no definite sales have yet been made. Norway purchased several lots. Flour demand continues slow, and country offerings of wheat in the Southwest have leveled along with market prices, which have not changed much the past two days.

Primary receipts of wheat were 1,519,000 bu vs 1,293,000 last week and 796,000 last year. Kansas City and Minneapolis stocks increased 201,000 bu

Nearby wheat futures were firm particularly the March, and as we have mentioned before deliveries to a large extent has been taken by one commission house. Some red wheat in small amounts have been shipped to Chicago but they have not been in large quantities. Corn and oats remained relatively strong, with very little news to guide them other than the fact that there is not much pressure at this time of year. There seemed to be backspreading in soybeans with the purchase of old-crop against the sale of new. However, the CCC selling price at take-over time may make it hard for the market to advance, as their beans will be available at about current prices. Nearby rye was quite firm.

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CHICAGO, 4 March 13, 1959

The concept of spending by the Federal Government is so gigantic that it is difficult to comprehend. If a man's wife exceeds the monthly food budget by $20, he is "fit to be tied," yet the same person hardly gives a second thought to the fact that the Federal Government is spending millions daily for such projects as storage of grain and rockets to the Moon. The proposed budget expenditures for 1959 have been set at $77 billion, and it is almost assured that this figure will be considerably higher. As a matter of fact, some experts foresee the possibility that deficits could run in excess of $10 billion. What is occurring is "creeping" inflation, and at the present rate, with the value of the dollar depreciating approximately 2 1/2¢ per year, by 1968 the purchasing power compared to 1939 will make it worth less than 25¢. During an era of confidence and prosperity, such as we are having now, with production and national income at an all-time high, we should attempt to set our house in financial order. In other words, now is when expenses should be geared to income, the budget should be balanced, and savings contemplated for a rainy day when in case of emergencies, there would be reserves.

It should be mentioned that other than major national security, the next largest item in the Federal budget is the estimated $8 billion that must be spent in the coming fiscal year to repay interest on the national debt. Like an individual who is limited in borrowing capacity and dependent on his credit rating, the government is financed by the public, and is subject to receiving funds only as long as lenders' confidence exists. Most people are ready and willing to subject themselves to increased tax burdens as long as the funds collected are used frugally, and as long as the purchasing power of their remaining dollars is constant. However, this has not been the case and our present multi-billion dollars debit is certainly proof of this fact. The word "moderation" is evidently not in the vocabularies of our Congressmen when it comes time to appropriate funds for the operation of our government. It might not be a bad idea if every time a new expenditure is voted, an old and unnecessary one is cancelled as an offset. At any rate, now is the time for curtailment and balancing of the budget when times are good and money is readily available.

There was not much news overnight of importance. Weather in the wheat and corn belts was clear and dry, and the forecast is for more of the same over the weekend. Although crop reports from the Southwest have been generally good thus far, moisture will be needed in rather regular amounts during the next few months as the growing season progresses.

Offerings are to go to the United Arab Republic today on 100,000 tons of white, red, and hard wheat, and India has asked for offers on hard and white wheat. Also Russia was reported to have bought 1,500,000 bu of Manitobas from Canada. Flour business continues exceedingly light, most users are heavily covered, and costs are at a high enough level so that resistance to additional buying has been felt. Export business is also slack.

The Soybean Digest says that it is generally felt that as a result of the $1.85 loan figure on 1959 soybeans, and coupled with the more favorable support price for corn, soybean acres will be reduced from 5 to 10% in the main northern soybean states. Estimates of reductions of as much as 15% in Central Illinois have been made.

Primary receipts of wheat are 1,503,000 bu vs 1,496,000 bu last week and 1,077,000 a year ago. Kansas City and Minneapolis stocks increased 113,000 bu. When the wheat visible is posted on Monday it will compare with a decrease of 2,779,000 bu last year.

Old crop wheat futures were firm, particularly the March, and out of over a million bu wheat tendered on this contract yesterday one commission house participated in the majority of both deliveries and receipts which appears to be a reduction in what is thought to be a very substantial position. Otherwise, the main market activity was in soybean products, where there appeared to be some back-spreading with weakness in oil and very strong markets in meal. The expectation of a rather large cotton crop will mean that oil derived from that commodity will compete with soybean oil. Chicago cash receivers talk of increased country selling of corn from Indiana, and the possibility of the same from Illinois if road conditions improve over the weekend. This cereal was lower as a result.

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CHICAGO, 4 March 16, 1959

We have kept an eager eye on news pertaining to legislative procedure in Washington recently, as we are hopeful that some constructive action might be taken in this session in the nature of improved farm laws. Although we are not in favor of subsidies, or for that matter, government intervention in any form, the farm problem has become so acute that the time is ripe for a beneficial solution. Consequently, a subsidy in the form of direct payments to farmers, while still costly, could be of a temporary nature, as the purpose of this idea would be the attempt to hold production in line with usage and the discontinuation of excessive planting by producers solely to take advantage of government hand-outs. There has been increasing favor for this idea except for slight differences of opinion as to the amounts of the payments involved, but these differences could be easily ironed out if Congress would be so inclined to act positively on a program of this design. The general idea would be to pay farmers for the difference between an established loan price and parity for the amount of wheat grown for domestic consumption. Some city Senators have objected to passing this program for fear that it might raise consumer prices of bread, and as we have mentioned, the costs involved might not necessarily be reduced in the beginning. However, the eventual aim is for the reduction of surpluses and the return of free markets to both farmers and the agricultural industry.

If this program does not gain Congressional approval, which some Washington experts indicate, it is thought that the only immediate alternative will be an increased acreage program, with sharply reduced loan benefits available to wheat growers. This proposal also would seal off government-owned grain from sales for any purpose except barter or gifts for relief purposes, or redemption of payment-in-kind certificates. This, of course, could result in generally less income for farmers, while at the same time enlarging the already huge supplies of wheat that Uncle Sam now holds in his storage inventories, and would only postpone until a future time the eventual problem of reducing surpluses and returning agriculture to the farmer, as it should be.

There was no moisture to speak of in the wheat belt this past weekend, and the forecast is for further dry weather in that area. Although there were some scattered snowstorms in the corn belt, central Illinois had generally clear conditions, and country roads are in better shape than they have been in over a week; consequently shelling and shipping activities are on the increase. Although river bookings of corn are small the spot market is a shade easier. The recent price advance in wheat has brought out considerable offers in the St. Louis area, mills and elevators are adequately stocked and the demand is practically nil. The same general situation has occurred in Oklahoma and Texas, according to The Southwestern Miller, where offerings increased as the result of strength in the futures market.

There was some export business overnight with the United Arab Republic reported to have purchased an estimated 100,000 tons of hard mixed and white wheat under their authorization. India bought 1,400,000 bu of hard wheat, April shipment, and additional flour business was done with the Middle East which has been a substantial buyer for a considerable time. A downstate source says that oat plantings have been delayed due to the unseasonably cold weather, and since seeding should be concluded by the end of March for best results, further delays could mean a general reduction in yields. We have mentioned before that bean plantings in Illinois may be reduced, and a report from Iowa claims the same outlook for that state, and that acreage might be well below last year. New crop beans have been very strong, and the planting report which will be issued Wednesday of this week will indicate farmers' intentions. However, if the market should continue to advance some farmers may change their minds and plant more beans than they originally intended.

Chicago wheat stocks declined only 52,000 bu leaving 7,312,000 bu in the free supplies. This is largely the result of higher price for old crop futures, and with eastern wheat cheaper than Chicago this trend could continue, as in addition some shipments are finding their way to this market. Corn increased 127,000 bu, beans decreased 389,000 bu leaving slightly under 11 million bu here. The wheat visible increased 330,000 bu.

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CHICAGO, 4 March 17, 1959

We have been confronted with the problem of the Berlin crisis for some time now, and, of course, along with it is the natural apprehensiveness by all people in regard to its final settlement. No one wants war, and it is generally felt that there will not be one, as the Russians are in no better position than this country to withstand the effects that would be wrought by the terrible atomic and hydrogen weapons available in this age. President Eisenhower's words to the Nation last night reaffirmed our position of the necessity of preparedness and the importance of holding the line against the Communists. He referred to a statement by Secretary of State Dulles, made ten years ago, when the latter was a U.S. Senator, that the Russians' final purpose "was no less than world domination to be achieved by gaining political power successively in many areas, so that in the end the U.S. would be isolated and closely encircled." The cost of peace and freedom, as we all know, comes high, and it is necessary to remain militarily strong as a deterrent to the aggressive action of the USSR. In doing so, other less important expenditures must be more carefully considered, as the economic strength of our country will be an important item in maintaining the balance of power.

It is difficult to say just how much of an effect the Berlin question has had upon our markets, and though some in the trade felt that yesterday's upturn in grain prices was attributed to this factor, we believe that other news has been a more important force behind the recent strength. Nearby wheat, particularly the March, has had a steady rise, and as we have mentioned frequently, one commission house has a very long position in this future evidenced by the fact that they have stopped some 3 1/2 million bu tendered thus far on the March delivery. May has been quite sympathetic, but it remains to be seen what will eventually be done with the cash receipts taken on delivery as the natural outlet is normally the eastern markets and prices there are relatively lower than they are presently in Chicago. New crop has failed to rally along with the old, and though weather is temporarily clear and pressure is lacking this time of year, reports from most of the growing areas are generally satisfactory thus far.

New crop beans, up some 3¢ yesterday as the result of further reports of a reduction in planting intentions, are now selling over the 1959 loan basis Chicago, and if these estimates are proved true, eventually higher prices may be in order, but it is too early in the season to be enthusiastically bullish, as high prices now could encourage heavier plantings come May.

Rye, particularly the March, has gained considerably, and it is felt that stocks of this grain are in very strong hands, and shorts have been forced to cover. Other markets, particularly feed grains, have been less sympathetic, as the huge supplies deter bullish enthusiasm except possibly for new crop oats, which have been firm, as weather is unfavorable for planting.

The Southwestern Miller says flour business shows no sign of developing as offering prices remain high due to market strength. Country offerings of protein wheat in Kansas were notably larger as farm selling increased. However, there is no evidence of any big loan redemptions. Norway bought 2,500 tons of white wheat, while it is reported that Pakistan has postponed intended purchases.

Thursday is the final day for trading in March contracts, and at the present time there is very little open in any commodity with the exception of wheat, which at the start of today's trading showed slightly under 7 million bu still open, a decline of 1,105,000 bu from yesterday's report.

Primary receipts of wheat are 1,636,000 bu compared with 1,978,000 bu last week and 1,519,000 a year ago. Kansas City and Minneapolis stocks show a net increase for the week of 128,000 bu.

Wheat, beans and rye were lower, with some profit-taking following yesterday's strength. There was not much to guide the market other than what we have mentioned above, and after a flurry of selling on the opening, trade appeared to be quiet throughout the remainder of the session. A processor tendered 27 lots of soybean meal on the March contract, causing this product to be more than 200 points lower at one time. Corn was unchanged, and the spot market was a shade higher than yesterday as country offerings still are not heavy. We are told that the country would sell some beans at $2.25, which is about 3 or 4¢ over present prices.

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CHICAGO, 4 March 18, 1959

After the close yesterday, the Department of Agriculture issued impounding figures as of the end of February. The amount of wheat placed at 607 million bu increased almost 4 million bu since the last report. However, an additional 10 million bu has been redeemed, leaving a net amount of 566 million bu under seal. As we have had rather strong markets thus far this month, farmers, particularly in the Southwest, have sold additional amounts, mostly of the high protein variety, much of which can be classified further redemptions. We have also heard reports that fairly substantial sales of farm-stored ineligible wheat have developed in the last day or two in northwest Kansas and Nebraska, all of which means that the outlook by the end of the crop year is for a fairly close adjustment between usage and free supplies. Yesterday's report also showed 139 million bu of beans placed under price supports, which is a very slight increase from the recent figure of 137 million bu. So far 3 million bu has been redeemed and with current market prices so close to the loan figure, it is highly probable that the farmers may sell additional quantities in the future. A total of 302 million bu of corn has been placed under loan thus far, which is a sizeable increase from the like period a year ago. However, this year's record crop accounts for the increased impoundings and producers still have until the end of May to take advantage of the loan for this grain.

This afternoon, the USDA will issue a report concerning prospective planting intentions for 1959 for corn, durum, and other spring wheat, oats, barley, and soybeans. Since these figures are usually very close to eventual results, plus the fact that a general shift in acreage is expected, this estimate will be scrutinized closely by the grain trade. Because of the fact that some 4 million acres will be returned to production from the recent Soil Bank program, 1959 seedings are expected to exceed last year's 330 million acres, which was the smallest in 40 years. It is generally felt that with the lower loan figures for soybeans, barley, oats, and sorghums, increased acreage probably will be switched to crops with more attractive prop-rates: for example, corn in the Midwest, and cotton in the South.

It is expected that the United Arab Republic will request offers Friday on 60,000 tons of flour, which should complete their authorization. Otherwise there has been very little export news the past few days, and with weather generally clear over the entire grain belt the past 24 hours, the main items of interest are those mentioned above, and the fact that tomorrow is the final day of trading in March contracts. Out of 625,000 bu wheat tendered yesterday, only 15,000 bu was an original delivery and the balance issued, as well as the entire amount stopped, was by the same commission house that has taken the large majority of this grain thus far delivered.

Broomhall's Foreign Crop Summary reports conditions favorable and general activity in field work in a number of European countries, although some sections need moisture. In the U K winter wheat has a good appearance, and recent rains and mild weather in France have enabled crops to show substantial improvement. Spring seeding has made good headway in Western Germany, where conditions are also favorable, but rains will be needed soon. There have been numerous complaints of excessive moisture in Argentina, which may adversely affect the corn crop. Recent good weather in Australia has helped wheat condition in that country.

The weekly crop report for Kansas talks of general drying topsol, thus allowing farmers to progress with spring planting. Warm temperatures have caused wheat to green up in nearly all areas, particularly in southern counties, and crops continue in good to excellent condition. Heavy snow in Nebraska has brought further relief to the drier sections of that state, and the over-all situation is much improved over a month ago.

Primary receipts of wheat are 1,167,000 bu vs 1,194,000 bu last week, and 1,142,000 a year ago. Kansas City and Minneapolis stocks show a total increase of 307,000 bu.

Markets were mixed and trade light, with old-crop wheat futures higher during most of the session. Including yesterday's deliveries there was about 5 1/2 million bu March open at the start of trading this morning. Corn was a shade lower, and reports are that the country has fair amounts for sale, and with good weather some of this cereal can move to market. March rye was firm, and the open interest is still sizable. Beans were a shade lower.

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CHICAGO, 4

March 19, 1959

Yesterday's government report on intentions to plant showed an increase of approximately 9 million acres to be planted to corn this coming season. According to news reports, this estimate was surprising to some USDA officials, but we doubt that the trade itself had any similar feelings. Last year 87% of the corn farmers in the commercial farm areas exceeded acreage allotments, and thus signified their satisfaction with the non-compliance loan of $1.06. This year, with no planting restrictions, the corn loan is set at $1.12, and it was only logical to expect that farmers would take advantage of the government's generosity and add a sizeable increase to their corn acreage. Planting intentions for 1959 are estimated at 83,921,000 acres, and in addition to Acreage Reserve land being put back into production, some of the increase will come at the expense of other crops. It is true that last year's growing conditions were near perfect, and the average yield of 52 bu per acre is an all-time record. Even with normal conditions, a crop of very close to 4 billion bu is likely, and added to an 1,800 million-bu carryover, corn is fast becoming the number one USDA "headache."

It is a little more difficult to interpret the figure of 23,172,000 acres intended for bean plantings. Last year, although 24,900,000 acres were planted to this commodity, 23,752,000 acres were actually harvested for beans, and with excellent yields the crop amounted to 574 million bu. If the same percentage is harvested for beans in 1959, 22 million acres would be utilized for this purpose, and on basis of the 5-year average yield, final production would total 475 million bu. Other factors, such as weather conditions, could affect this outlook, but a crop of this size, plus a carryover expected to be about 75 million bu, would give us total supplies of around 550 million bu and could result in a fairly close adjustment at the end of the next crop year.

Planting intentions for all spring wheat are estimated at 13,405,000 acres. Using the 1954-58 average yields, a crop of 233 million bu would be produced, and in addition to the estimate of 957 million bu issued last December for winter wheat, we can look for another sizeable crop of this grain. We will further analyze these figures at a future date.

Part of the increase in acres for corn in 1959 will be at the expense of oats, which shows a reduction of 2 1/2 million acres, and production will be based on a 36 million acreage, which means the crop, with normal growing conditions, could be some 1,126 million bu, 14% below the 10-year average.

Sorghum plantings will be reduced about three-fourths of a million acres from last year's record producing crop. With normal yields 368 million bu might be raised.

According to The Southwestern Miller, wheat was sold in fairly good quantities from northern Kansas, Nebraska and eastern Colorado, but it is doubtful if these sales included loan redemptions to any degree. Overnight offers of Gulf hard winter and soft white wheat from the North Pacific area were submitted to Pakistan, and according to a later report that country purchased 21,000 tons of #2 hard wheat for April shipment. Domestic demand of flour remains very inactive as bakers are heavily contracted, and have no urgent need for replacements. Mills are preparing to submit offers tomorrow on 1,300,000 CWTs of flour to the U A R, and other export flour inquiries are fairly good.

The Oklahoma weekly crop bulletin states that although very little precipitation was received during the week, wheat made good growth in most areas. Two-thirds of the state's crop is in good condition, but the remaining third is poor to only fair.

Primary receipts of wheat are 1,172,000 bu vs 1,519,000 last week and 1,024,000 last year. Kansas City and Minneapolis stocks show a net increase of 400,000 bu for the week.

Markets were very little changed early in the session except for new crop beans, which were as much as 3¢ lower, reflecting the fact that intentions to plant are greater than had been anticipated. The March contracts expired in a fairly orderly fashion. March wheat traded about 4¢ over May most of the session and closed at just about that difference. March corn remained about even with May, and March rye closed 1 1/2¢ lower to about 1¢ higher. March oats finished lower.

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CHICAGO, 4 March 20, 1959

Last December 1st, when the government projected this year's winter wheat crop at 957 million bu, expectations were based on normal growing conditions, including weather factors and damage, if any, from insects or crop disease. Since that time news from most southwestern points has been optimistic, with reports of generous moisture in most areas and complaints generally few. Although seedings for this coming year's crop were on a larger acreage than the year before, total production is not expected to equal last year's record figure. In 1958, average yields were recorded at an all-time high of 26.8 bu per acre as compared with the more normal figure of about 21 bu per acre. It is interesting to note that in the last twenty years, the average change from the December 1st estimate to harvest has been 125 million bu, so that the figures, as estimated, can still vary considerably between now and July. Using average yield figures on the 13,405,000 acres intended to be planted for spring wheat, it is likely that farmers will produce somewhere in the neighborhood of 250 million bu of this variety, which means that total production of all classes of wheat on basis of present knowledge is expected to be near 1,210 million bu in 1959.

The U. S. Department of Agriculture anticipates a slight increase in food usage in the coming year, which suggests that about 625 million bu will be consumed domestically; added to the 400 million bu alloted for export, we will still have ample supplies by summer of 1960. More definitely, it is quite probable there will be an addition of approximately 200 million bu to the carryover at that time, and the result will mean total supplies of 1,475 million bu, without including a single pound from the 1960 crop. As the minimum support price of $1.81 will be effective during the ensuing year, it is reasonable to expect that heavy impoundings comparable to this year's total are likely. Regardless of whether the wheat stocks will be in government hands, or in free supply, this trend towards increased production assures a large-sized surplus problem for some time to come.

We had reports overnight that rain and snow was beginning to fall in some sections of Kansas, and as the morning progresses, it appears as though these moisture reports are of a rather general nature. The forecast is for precipitation in parts of the Texas Panhandle, extending northward through parts of Oklahoma, Kansas, and into the Dakotas. In spite of the fact that we have had generally good state crop reports the past week, during this period dryness has been evident throughout much of the winter wheat belt, and these reports of moisture are very welcome, as this is a crucial time of year as far as crop growth is concerned.

Primary receipts of wheat are 1,119,000 bu compared with 1,503,000 a week ago, and 1,020,000 last year. Stocks in Kansas City and Minneapolis increased a total of 533,000 bu. When the visible supply of wheat is posted on Monday it will compare with last year's increase of 611,000 bu.

Country selling in the Southwest was only moderate, according to The Southwestern Miller, except for a few areas in Nebraska and northwest Kansas, where some large amounts were sold. Some sources express doubt as to the likelihood of any substantial pickup in loan redemptions between now and the March 31st default date. Flour sales were again relatively small, and the indication is that this slack pace may persist for some time. Offers that had been expected on 60,000 tons of flour to the U A R will be made this afternoon for Monday morning acceptance. The same country is seeking additional authorization, allowing them to buy some white wheat. Other export news overnight include the sale of 37,500 tons of U S corn to Western Germany, shipment out of the Gulf, and 12,000 tons of U S Pacific Coast hard wheat for April shipment to Formosa. We understand that a cargo of red wheat was sold to Yugoslavia figuring 18¢ over Chicago. Also announced was the sale of 50,000 tons of corn to the U K and a cargo of milo to France. The Continent bought 3,000 tons and Japan 7,000 tons soybeans all late March and April shipment.

With the expiration of March contracts yesterday the open interest declined substantially in all grains, so that very few commitments were left unsettled with the exception of wheat. Including last night's tenders and up to noon today interest in this grain is 476,000 bu which will have to be settled by means of cash deliveries during the remainder of the month.

Trade was very slow, and except for wheat, which was a shade lower other grains were relatively firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 23, 1959

More attention has been focused recently on the necessity of informing he public of the inequities of the government "give-away" programs. There has een an attempt to educate people as to where their tax dollars are going, and some f the most widely read magazines have featured articles about the dilemma of the arm situation and the public expense and waste that is involved. Although approxinately 60% of all farm marketings are not governed by the price support program, t is the smaller percentage remaining that is causing difficulties for Washington egislators. The first efforts of supporting prices and maintaining farmers' inome occurred in the 1930's for the purpose of leveling out seasonal fluctuations. An attempt was made to stabilize prices for producers, particularly during harvestime when the movement of grain was heaviest and returns were less than other imes of the year, and in this effort, partly due to the fact that there were some drought years, farm output was not affected by this price-fixing. During World War II, when supports were raised in order to encourage production, it was necesary during a time of national emergency. However, at the end of hostilities instead of realistically planning to the return of a peacetime economy, these outmoded ideas were instead extended, and thus the problem was initiated. There were, of course, political complications involved in that elected officials were nwilling to terminate financial aid to the farmer. As a matter of fact, the 90% concept, which was well established, became even broader in scope, as it was decided to aid farmers on an even broader scale.

In the past 15 years, the farm program has included supports of varying degree, controls, acreage allotments, marketing quotas, and many other minor variations, all of which have been extremely costly and have netted the same result: that is, huge surpluses and large government costs. The worst part is that the injustices of the system have resulted in help for only a small majority of the nation's farm families, and the original intent of the price support program has been lost. For example, out of 4.7 million farms, less than 2 million produce 85% of the food and fiber which go into commercial channels, and it is this group who least need assistance who receive the biggest share of the moneys involved. It is a case of encouraging unnecessary acres into production and people not trained in farming simply for the purpose of benefiting from a system designed to promote such practices.

The reports of good moisture in the Wheat and Corn belts which were anticpated Friday, failed to materialize completely, and although there was rain and snow in some sections of the Southwest the amounts received were confined mainly to areas in Kansas and Oklahoma. Generally crop news is still favorable, and the Illinois Crop Reporting Service says winter loss of dormant wheat appears to be moderate, and soil moisture reserves are adequate to start the new season. We also received word from St. Louis indicating wheat in that area looks good, although acreage is smaller than last year, as many farmers with small allotments intend to plant corn.

Although Chicago stocks of wheat decreased 130,000 bu which was more than in recent weeks, there are still over 7 million bu in the supply. Corn increased 138,000, leaving 21,804,000 bu, but we hear there have been some sales made and shipment of this grain might increase considerably as soon as navigation permits. Oats increased 9,000 bu, and there are 2,187,000 bu in Chicago. Rye, including that which is afloat, had a slight decrease, and there is still over 1 million in Chicago stocks. There are 10 3/4 million bu of beans, even though 150,000 were shipped out of local stocks this week. The Kansas City and Minneapolis wheat stocks increased a total of 481,000 bu, and the visible supply of wheat increased 820,000, proof of the fact that with recent firm prices particularly in the Southwest farm selling has been relatively active at a time of the year when ordinarly supplies are decreasing.

The U.A.R. concluded their purchase of flour, as had been anticipated, amounting to 1,325,000 CWTs for April through June shipment. Yugoslavia has completed the purchase of their red wheat quota, and there is talk that the U.A.R. would like to switch purchases from red to western white wheat.

Trade for the most part is extremely quiet. A strong cash market caused soybean meal to open 100 points higher, and this had a firming tendency on beans. Old crop wheat was firm throughout most of the session, and new-crop, sympathetic at the start, became quite weak later as moisture reports from the Southwest probably had an influence.

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CHICAGO 4, March 24, 1959

The U.S. exports surplus agricultural commodities by means of the Agricultural Trade Development and Assistance Act of 1954, more commonly referred to as Public Law 480. In return for goods shipped under this program, oreign nations deposit local moneys in their respective banks for the account of this country, which is spent in various constructive and beneficial ventures. The result of this, along with other aid programs, has been the accumulation of $1 1/2 billion of foreign currency, stashed away in 73 different countries for the future economic development of the nation's involved. For example, the U. S. owns 126 million Yugoslavian dinars, which when converted total about $210 million. We have $83 million worth of Italian lira, as well as 56 million Afghani, 100 million Burma kyats, and 65 million bahts in Thailand, just to list a few of the many types of foreign currencies at our disposal. In addition, joint control is shared in over $2 billion worth of foreign funds set aside by various countries for their own development programs. Of course, the maintenance of this system is an integral feature of U. S. foreign policy, as these sums are for practical uses in advancing friendly relations at the international level.

The largest of these expenditures to foreign governments is for economic and industrial development, including such projects as power dams, highway and transportation facilities, and agricultural research. A great deal is spent for educational and informational purposes, such as to promote mutual understanding between peoples of the free world, along with the services of vocational, professional, and technical knowledge developed in the U. S. Activity designed for mutual defense of the U.S., as well as foreign nations in which these moneys are used, are also a large part of this program, as the development of air bases and housing of military personnel also falls into this category. Since the initiation of P. L. 480 some $3 1/4 billion in agreements have been consummated mostly with middle and far eastern countries where food needs are the greatest, as well as other areas of the world where it is thought that economic aid of this type might be helpful in the promotion of Democracy.

Clear weather was reported over the wheat belt, but a low pressure front moving towards the Southwest is expected to bring fairly good amounts of moisture over a large area, including western Nebraska, northwest Kansas, and most of Oklahoma. Rain and snow is expected over parts of each spring wheat state, as well as Illinois, Indiana, and Iowa, all of which should be quite beneficial.

Recent estimates of crop conditions have been generally favorable until the issuance of the government weekly report this morning. In it they say warmer weather has caused greening as far north as Wyoming and Nebraska. However, dry land is causing concern in some areas. Wind erosion in Arizona, New Mexico, West Texas, as well as parts of Oklahoma, Kansas and southeast Colorado are causing some damage to winter grains. It is too early to determine the extent of winter kill in Illinois, Indiana, Ohio and Kentucky, but it is believed that some winter wheat, as well as rye and possibly fair quantities of winter oats, have been lost. Wheat in Nebraska is spotted and Oklahoma fields in the Southeast need moisture.

Denmark bought a cargo of soybeans from the U.S. and one from Manchuria, the latter $3.50 per ton below that paid from this country. Yugoslavia bought 4,500 tons of #2 hard wheat, Gulf shipment.

Primary receipts of wheat are 1,224,000 vs 1,636,000 bu last week, and 1,354,000 bu a year ago. Kansas City and Minneapolis stocks increased 57,000 bu.

Except for new crop wheat which is possibly affected by the forecast of moisture, other grains were quite firm throughout most of the session. Country movement of wheat in the Southwest has been reduced, and this together with the tightly held supplies of Chicago stocks have helped maintain strength in May futures. Since we will not have a bushel estimate on 1959 soybeans until next August, the market will be quite sensitive to local planting reports and conditions, and as the expected acreage is less than last year new-crop months are firm. There is little pressure on corn at the moment and the small acreage being planted for oats is helping prices in feed grains. Soybean meal is higher as a result of firm cash prices.

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CHICAGO, 4 March 25, 1959

With record farm production the resultant question is the ever-present problem of expanding markets. Even though federal programs have been the major reason for larger crops, the situation has been aided considerably through the increased results from the land, and the fact that new techniques are constantly being applied. There is a never-ending search in agriculture, as there is in industry, to increase output and to extend newer and more modern methods in the attempt to gain bigger and better returns fromthe soil. During this century production has in many cases, such as wheat, more than doubled while at the same time consumption remains relatively stable even though population is also numerically larger. Since 1940, farm output has increased 83%, and as technology advances, so do economic conditions and living habits of the populace, and with these changes people have been able to afford better diets and higher-priced foods, such as more beef and less bread. At the same time customs change, and in today's world slim and stylish figures are in vogue.

From all this the question arises whether we will ever be able to reduce surpluses and the immediate realistic reply, is that there is little likelihood of such an occurrence in the near future. The capacity to produce is becoming greater than the ability to consume, and even though we can utilize some goods in greater measure than before, in each case the increase in usage of one would be done at the expense of another. It is impossible to force bread down people's throats, nor is it likely that foreign markets can be expanded appreciably as the latter would be costly as well as damaging to our relationships with other nations, as we must compete with them for these outlets. It appears then as though commodity surpluses would be perpetuated for many years, and the problem remains how to live with them with minimum amounts of economic damage being done and at the same time we must strive for their eventual reduction.

The Census Bureau report issued this morning shows that soybean crushings remain at the relatively high figure of 34 million bu for the month of February. Although stocks of processors were reduced some 8 million bu from the previous month, with the amounts made into meal and oil, it looks as though they have been able to buy their needs from the country in fairly sizable amounts. There are 86 1/2 million bu on hand, which at the same previous rate means supplies are ample for the next 2 1/2 months. Production of meal was slightly lower than in January, but stocks of 87,000 tons on hand indicate that demand has been quite good, and this has been borne out in recent strong markets in this product.

Except for Finland, which bought 5,000 tons spring wheat and parcels of corn sold to the U. K., export business is quiet for the time being. The Southwestern Miller says the demand for flour shows no evidence of picking up, and mills were not hopeful for any turn for the better in the near future. Except for small' sales to the Americas, there is no activity in export flour.

The moisture forecasts we spoke of yesterday are beginning to materialize this morning, and we understand it is now raining quite hard in many sections of Kansas. This storm is expected to develop a fairly widespread area, and the forecast is for beneficial amounts.

Primary receipts of wheat are 844,000 bu compared with 1,167,000 bu last week, and 885,000 bu a year ago. Kansas City and Minneapolis stocks increased a total of 257,000 bu so far this week.

In spite of the fact that there is very little news to affect markets. prices are, nevertheless, quite firm, and crop highs have been recorded during the session in May wheat, January beans, May rye, new-crop oats, and nearby soybean meal. It is difficult to generalize as to the reasons except to say that this is the time of the year when pressure is light, and certain unknown quantities, especially in regard to the 1959 crops, are present. May wheat, up some 2¢ from last night's close, is affected by the holding tendency of the cash stocks in Chicago and spreading has taken place the past two days, which has resulted in purchases of May and sales of deferred months. The country sells very little corn on the rally, and this cereal, particularly the nearby, remains strong, as do oats, the latter affected by possible small supplies in the coming crop-year.

May rye has followed in the footsteps of March, which expired on a strong note. Local stocks are small and appear to be tightly held, which has helped recent strength in this commodity.

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CHICAGO, 4 March 26, 1959

There has not been an abundance of news the past few days to affect mar-ets, yet activity has been quite fair, with higher prices the rule, and in some in-tances crop highs have been posted. This might seem surprising when we take tock of the fact that grain supplies are at an all-time high, and the prospect for he coming year is encouraging for the nation's farmers, as heavy plantings should esult in additional large crops and continued abundant amounts. Obviously, then, he reasons for market strength are not derived from supply and demand factors, is they should be, but instead, it is purely a question of distribution of grains, and he fact that they are tightly held, and in most cases kept off the market because of he government loan. With the prospect for some 2 1/2 billion bu of wheat on hand n July, it is almost inconceivable that the Chicago May future has been able to rally some 15¢ a bu the past two months, but such has been the case, simply be-cause free supplies are about equal to anticipated needs, and the remaining govern-ment stocks are for sale only at limited higher prices as set by law.

New crop wheat now in the ground is progressing in favorable fashion, which has resulted in prices selling below the loan figure, but unquestionably large amounts will be impounded again next year, which means unless enough of this grain is kept in free circulation for use at that time, the situation being recorded this year might well be repeated to some degree in the future. There have been abundant amounts of moisture reported in many areas of the grain belt the past 24 hours, which will definitely help conditions and improve growth, but with July wheat selling about 25¢ under the loan, basis, Chicago, possibilities on the bear side of the market are limited.

The feed grain situation is somewhat akin to wheat, especially corn, in that huge additional quantities are anticipated along with those already on hand, and if it were not for the loan prices might logically be a good deal lower. Advances in this cereal have been limited as the government is a constant threat as a seller competing with the private trade in the open market by disposing of some of the many out-of-condition bushels present in their large stock pile. As we have mentioned frequently of late, the one feed grain that might remain firm is oats, especially new crop, which will be in short supply by comparative standards this coming year, as the seeded acreage will be the smallest in some time, and planting conditions are not presently favorable.

Processors will have to dip into government supplies before the year is over in order to have enough beans on hand to meet crushing needs between now and September. Recent market prices have reflected this fact, but now they have reached a point at which they will compete with the government selling figure of about $2.21 per bu in central Illinois following take-over. Even though a much smaller crop than this past year's is anticipated in 1959, it is too early to be certain of bushels, since we do not get a government figure until August. There will be much speculation between now and then as to just how many bushels will be added to this year's expected carryover of 75 million bu.

Primary receipts of wheat are 939,000 bu compared with 1,172,000 bu last week and 874,000 bu a year ago. Kansas City and Minneapolis wheat stocks have increased 398,000 bu so far this week. When the wheat visible is available on Monday it will compare with a decrease of 2,692,000 bu a year ago. This figure, might show an increase when posted as recent firm prices have allowed for country selling, particularly of higher protein quality, which is more in line with the loan figure. Our advices from the Southwest indicate that this redemption selling has tapered off some in the last day or two, and ordinary #1 hard wheat in Kansas City is still several cents under the loan.

There was very little else to guide markets. Flour business continues slow, and there were no export sales reported overnight, although there was fair buying of the nearby corn futures thismorning by export houses, which is probably an indication of the talk that fair quantities of this grain will be shipped out from Chicago to the eastern market. May wheat continued a strong policy, and with most of the local stocksof red wheat apparently in the hands of one commission house, the price of this future has maintained a strong undertone. New-crop beans after establishing a new crop high for November was subjected to some profit-taking near the close.

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CHICAGO, 4 March 30, 1959

In a recent speech at an Eastern University, Secretary of Agriculture Benson continued his criticism of this country's farm program by outlining a formula necessary for the enactment of new legislation. In it he said any change must be governed by the theory of necessity and adding to it economic soundness and constructive policy, all of which would equal a solution to our farm problem. Anyone remotely familiar with agricultural history would obviously be wise to the growing need for change from the outmoded and obsolete price support system. The amassing of surpluses has gone almost beyond conprehension, and, of course, the cost to the federal government in financing these large grain stocks now places agriculture as the third highest item of expense in the budget, as total investments have reached a $9-billion-mark, plus the fact that it costs a billion dollars a year for storage, transportation, and interest on these federally-held surpluses. All this is related to the fact that economically such a program is not sound, as not only is it necessary to reduce the taxpayers' burden, insofar as overproduction costs are concerned, but even more important is the fact that our entire economy is affected as these agricultural problems have played an important role in the imbalance of the federal budget.

Mr. Benson's mention of politics is very important in the revaluation of the issues, as the controversy between the Secretary and the Congress has considerably impeded progress towards the formulation of a constructive law. Bipartisan action has governed the foreign policy of this country out of necessity in recent years, and because of the critical nature of the farm problem it might be worth while for policymakers to be more concerned with the general welfare of the agricultural industry rather than doing that which is most politically expedient and beneficial to constituents in various geographical areas. There has been too much mass criticism and a lack of constructive change among lawmakers, which has resulted in no agreements having been reached thus far. In a recent poll taken among farmers across the land, 55% were in favor of no supports or controls of any kind, preferring instead the government to remove themselves from the administration of agriculture as soon as expediently possible. Although 22% wanted more government help, the remaining producers favored emergency legislation only, or some sort of program of adjusted supports while eventually returning to free markets where supply and demand factors would exist.

Though we have had a 3-day holiday week-end, there was little in the news of importance this morning. There were small amounts of moisture in the Southwest, and little more is suggested in the 5-day forecast. There are still some bad spots in a few sections of the wheat belt, although generally conditions are favorable. Some small lots of red wheat were sold to West Germany but the U.K. was apparently able to buy their supplies from Italy cheaper than U.S.-Atlantic red wheat was offered. West Germany is in the market for 10,000 tons durum wheat, either from the U.S., Canada, or Argentina. Formosa bought 30,000 tons and Israel a cargo of soybeans, all to be shipped from the Gulf.

With the recent strength in market prices, the country has sold additional quantities of wheat. It is interesting to note that Chicago stocks increased 23,000 bu this past week so that the total is 7,205,000 bu. Corn stocks increased 335,000 leaving over 22 million bu in this market. There are 2,294,000 bu oats as a result of an increase of 107,000 bu. Rye, including that which is afloat, decreased 36,000 bu, and there are now 985,000 bu in Chicago stocks. Beans decreased 183,000 leaving slightly over 10 1/2 million bu here.

When the market opened this morning, most grains were firm with May wheat making a crop high before some profit taking set in. There was probably some spreading involved as the new crop months advanced as selling in the nearby developed. Feed grains remained generally firm, particularly corn, and reports from the country are that very little is being offered in spite of the recent high prices. There is still a two-sided picture what with last year's large crop; some of this grain will no doubt be shipped from country points as the summer progesses so that storage will be available for the new crop. Strength in the meal market helped beans, especially old-crop futures, which were quite firm.

The visible supply will not be issued until tomorrow.

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CHICAGO 4 March 31, 1959

The reports we have had thus far indicate crop conditions in Europe as eing generally fair, and indications point to the fact that winter wheat emerged rom the dormant period in good shape and most areas are promising. In 1958, ountries in Western Europe produced an estimated 1,332 million bu, which was ery close to the total production figure for the U.S. Although no official figure is iven, estimates are that a new high of 2,300 million bu of wheat was raised in the oviet Union in the past year, and even though it was an exceptional growing season n all parts of the Union, nevertheless, it is true that this crop is larger than that f any other country. In addition to Russia, Asia produced a record harvest, including the Chinese Mainland, where only unofficial figures are given, and a total f almost 2 billion bu was grown in that part of the world.

Although the per-acre yields of U.S. wheat were equal to the average yields f wheat grown on Western European farms last year, this was due to exceptionally ood growing weather and is contrary to normal circumstances, as this country will ormally grow about 6 bu per acre less than do the Europeans. As a matter of fact, Vest Germany and the U.K. in recent years have averaged close to 43 bu to the cre, and in the larger wheat raising countries of France and Italy, the production igure is close to 30 bu per acre. Because of the larger and more commercialized ype farm in the U.S., it is more difficult to devote the concentrated attention to he soil that some foreign farmers do, such as more intensive cultivation, weeding, nd moisture conservation. Of course, there are other large wheat producing areas, or example, Canada, Argentina, and Australia, and among these three nations lose to a billion bu is grown annually. The world is still a large place, and in spite of our surplus crops of past years, our wheat production in 1958 was little more than 16% of the all-time world wheat production record of some 8 3/4 billion u.

Today is the default date for redemption of wheat placed under government loan, and although moderate amounts were offered in Oklahoma, country selling the ast few days has slackened.

Weather in the Southwest was clear overnight, although there is possibility f further beneficial moisture in the forecast. Some fair-sized flour sales were made to the Middle East and a moderate business was done with The Netherlands, according to The Southwestern Miller. India might be in the market for some wheat ater inthe week, and mills were reported to have offered CSS 225,000 cwts of flour for export relief, as well as 306,000 cwts of flour for domestic relief. Israel ought a cargo of corn and 2 cargoes of milo.

The government weekly crop report states that moisture in Nebraska during the week was especially beneficial to central and northeastern sections and reatly aided winter wheat. The Kansas State Report continues tomention that conditions of wheat are good to excellent in that state, while in Oklahoma prospects are substantially improved except in the extreme southwest, where rain is still rgently needed. More rain is needed in the northern high Plains of Texas. Out St. Louis office states that reports vary on condition of wheat in southern Illinois and Missouri. However, generally speaking, conditions are favorable on a smaller acreage, and a normal crop could be harvested if nothing happens to it later. There ave been some spots hit hard in the central part of Illinois, with some abandonment f entire fields.

Trade in all pits today was on the quiet side, without any particular feature, and lack of any new developments. There was no pick-up in the domestic flour inquiry. Egypt was asking for offers on Friday for the purchase next Monday of 60,000 tons white wheat, 20,000 tons red wheat, and 20,000 tons hard wheat. The total involved is about 3 3/4 million bu. Despite the advance in price of corn the movement from the country is disappointing. According to CCC they expect to acquire most of the beans under support when loans mature May 31, and a large volume is expected tomove from CCC hands into trade channels during the current summer.

The visible supply of wheat showed a net increase of 109,000 bu, bringing the total to 358 million bu, or about 80 million more than a year ago. While the bean visible decreased 1,299,000 bu, there is 6 million bu more in the visible than at the same time last year. Primary receipts of wheat totaled 1,340,000 bu vs 1,224,000 last week, and 1,053,000 last year.

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CHICAGO, 4

April 1, 1959

A prominent person recently said: "For a person to say he is not interested n politics is like a drowning man saying he is not interested in water." There is nuch food for thought in this statement, as free political belief is an integral part f our heritage, and it is the duty of all citizens to exercise this liberty by taking n active interest in the government that establishes the laws of the society in which ve live. The word "capitalism" has become a representation of our way of life. It s the most powerful force in the world, the symbol of peace. The dictionary de-ines it as "an economic system which generates," and comparison with any other orm of government in the world proves this true. Those who condone it, fear it, ecause within its framework is the freedom of competition and the exchange of deas. Critics say it cannot work, yet its record of accomplishment exemplifies the niracle of free competition in the production of ideas as well as goods. Through his media occur the wonders of our almost unique political system which is governed y change and subject to the reaction of public analysis.

Often we have spoken of agricultural change and criticized existing conditions nd recommended reform. This is a part of each person's obligation, as the ma-hinery would rust if ever a lack of public interest developed. One of the main dif-erences between capitalism and communism is "truth," and in this regard we must ever lose our lead. In many respects the Iron Curtain is merely an imaginary ine between fact and fiction, and fortunately we are on the side directed by truth nd freedom of speech. Sometimes the process of mobility is slow, but if ever a liche was true, the end justifies the means.

There was some further moisture in the Southwest, and in recent weeks ains over a wide area have been quite beneficial, although there are still some dry reas that need help during the current critical growing season, and weather will ontinue to be an important feature of the daily news, as far as wheat in particular s concerned.

Additional scattered flour sales were made to The Netherlands, and as we nentioned yesterday, the UAR has asked for offerings to be submitted late Friday n 60,000 tons of soft white and 20,000 tons each of red and hard winter wheat for Monday acceptance. Yugoslavia bought 2 cargoes of hard wheat, one from the Gulf nd one from the Atlantic for May shipment, and parcels of corn and milo were old to the Continent. Denmark bought a cargo of soybeans, and India has requested fferings on a large amount of wheat tomorrow.

Primary receipts of wheat were 639,000 bu which compared with 844,000 ast week and 804,000 a year ago. Kansas City and Minneapolis stocks decreased a total of 106,000 bu.

There was a slight reaction the past few days in the old crop wheat future, robably due to some profit taking, and the open interest has declined. However, May wheat became quite firm during the session today. Even though yesterday was he final date for redemption of wheat placed under government loan, it is still ossible for farmers to pay all charges on farm stored wheat and sell their grain n the open market. In most cases in the Southwest it would take higher than pres-ent prices for such an occurrence as ordinary hard wheat is still a good deal under he loan. There are over 4 million bu of red wheat in Chicago, and shipments the ast few weeks have been about equal to receipts. Although longs have had pretty nuch their own way, the problem remains as to what will happen to local stocks as we are only one month away from delivery on the May contract and three months rom new crop. In the final analysis the disposition of Chicago wheat stocks will ndoubtedly be a main factor in determining market action.

Corn also has shown considerable strength and this firmness is due in arge part to the fact that the country does not sell even though prices in most laces are well over the loan. Although government sales continue, they are not at an increased pace, and this is somewhat surprising in view of the fact that rices are at a higher level than they have been for some time.

A bill has been introduced in Congress to raise the loan level of feed grains in line with the 1959 government price for corn based on the relationship f feeding value between these various grains. If it does pass the legislature, he thought is expressed that the President will veto it.

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CHICAGO, 4 April 2, 1959

We have received a fair amount of information overnight concerning growing conditions, including the weekly government crop bulletins, as well as a private railroad report. It appears as though wheat has benefited over a wide area from winter snows and spring rains. However, some important areas are still in need of moisture, and weather conditions will be most important in the next few months. About one-third of Oklahoma's acreage in the southwestern part of the state is without effective moisture, but the bulk of the crop there is reported in good condition except for some green bug activity and leaf rust infestation, the extent of which will be dependent on future weather. Northern Texas, comprising the Panhandle sections north of the Canadian River, shows wheat growth to be fairly good, but elsewhere in the state there has been deterioration as the result of dryness. Colorado and Nebraska have both benefited from recent heavy rain and snow, and in general winter grains are green over much of both states, and prospects are considered generally good. Conditions of wheat appear to be good to excellent over most of Kansas, as the result of last week's rainfall, which benefited crops in most areas.

When discussing crop conditions, it is necessary to focus attention on this latter-mentioned state, as historically speaking, Kansas has been rightfully named, "The Wheat Growing Champion." Except for 1957, when 4 1/2 million acres were idled by the Soil Bank, plus the fact that growing conditions were not conducive to bumper yields in the Southwest, that state has led all others in wheat production in 32 of the past 40 years. North Dakota was the leading producer in that year and at more normal times is a perennial second to "The Sunflower State." However, Kansas' leadership is never very seriously challenged. Between 1928 and 1957 their average annual yield of 163 million bu was 55% greater than their nearest competitor, including 1952, when a record 308 million bu, double the output of its nearest rival, was raised. The average annual dollar value of their crop is 296 million, exceeding the next highest competitor by 44%. The leadership of Kansas includes not only volume, but also milling and baking quality, which is considered equal to that grown in other areas and it is also true that this state produces more flour than its nearest competitors--Minnesota and New York-- even though the latter states import much of the wheat used for milling purposes.

Broomhall reports U.S. wheat and flour exports so far this season at 322.5 million vs. 281.7 million a year ago; 99 million bu corn has been shipped since October 1st, which is slightly more than the 94.7 million bu a year ago. Oat exports were 21.2 million bu vs. 16.7 million a year ago, and rye 7.7 million vs. 3.1 million in 1958.

The 30-day weather outlook talks of better than normal rainfall in the Southeast, Pacific Northwest, and the Central Plains, while subnormal amounts are anticipated overthe southwestern quarter of the country as well as the Great Lakes Region.

Except for northern Kansas and western Nebraska where moderately increased amounts of wheat were sold overnight, offerings in the Southwest were practically nil. We hear that the CCC sold 825,000 bu of wheat in Minneapolis the past two days. Spot corn in Chicago remains 4 to 4 1/2 over, although bookings by rail continue light, and better activity was reported along the river, and with yesterday's upturn in the market some country corn was sold to be shipped by barge to Chicago. Harvesting of corn is gradually expanding in Argentina, according to Broomhall, and there has been a tendency to modify views onthe size of the crop. The average opinion ranges around 6 million metric tons vs 4.8 million in that country last year. Columbia bought 2,500 metric tons of flour but postponed anticipated purchases of Gulf hard wheat. West Germany bought a small amount of corn. Otherwise, export business is slow.

Primary receipts of wheat are 896,000 bu compared with 939,000 bu last week, and 661,000 in 1958. Kansas City and Minneapolis stocks decreased 225,000 bu.

Though trade was very quiet early in the session, wheat continued firm, particularly the May. Later on selling developed in new-crop months, and May and July spreads were done at 24 3/4 --the widest margin thus far. Corn was higher and even though a reaction would be normal after the recent upturn, cash men say that farmers who held their crib corn thus far are willing to hold it off the market as long as prices are in their favor. Weakness in the products influenced beans.

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CHICAGO, 4 April 3, 1959

With the recent strength in the May wheat contract and the fact that prices in other sections of the country have not kept pace, it stands to reason that Chicago will become more of a magnate for free wheat that is available for marketing. Last night the government offered fairly sizeable quantities of red wheat at eastern export points, and although prices are not in line with market quotations, this, nevertheless, points out the fact that local stocks cannot be profitably merchandised for sale out of Chicago, as the eastern market is now a good deal cheaper. With this the case and the fact that one commission house took delivery of almost all of the 4 million bu red wheat available in Chicago elevators, it appears as though this grain might be on hand during the delivery month of May less than 30 days hence. According to the best guesses the same source also has a sizeable long interest in the May future, which would make it prohibitive for them to sell their warehouse receipts locally without harming their market position. Since the time factor is against the moving of this wheat out of Chicago elevators, and the fact that eastern export and domestic market prices do not now allow for profitable sales, a likely alternative might be to maintain ownership and eventually make some deliveries on the July contract, as sales in that month are thought to have been made when the spread difference was considerably narrower. The result of such an operation would be a loss on a portion of the wheat represented by warehouse receipts, and a profit on the balance of the futures contracts assuming the market maintains its present strength.

At any rate it appears as though wheat supplies in Chicago will be adequate even before the new crop is harvested and this indication of large amounts in July would furnish a logical reason for expecting carrying charges in new crop futures. A report on crop conditions by a private concern pretty much confirms previous estimates in regard to progress of winter wheat in the Southwest. Except for some winter kill across sections of Missouri, Illinois, and Indiana, conditions in all eastern states so far this spring indicate that wheat is in good to excellent shape. They also mention that oats in the southern states came through the winter very well, except in Texas where drought and green bugs have recently ruined the crop. Although spring planting is nearly completed in Oklahoma and Kansas and 75% finished in Missouri and the southern half of Illinois and Indiana, in the main part of the growing sections of the north central states, planting has not yet gotten under way. This is in contrast to a year ago when unusually early mild weather allowed for seeding, which was nearly completed by this date.

Information received from a well informed Winnipeg source talks of exceptionally mild weather in Western Canadian Provinces which should allow for the first reports on seeding operations within the next week. Last year's good subsoil conditions do not prevail at the present, and many areas report ground moisture lacking. Timely rains that helped growth of wheat in 1958 will be needed to assure a good sized crop in 1959.

There was evidently profit taking by longs in corn this morning as the market showed considerable weakness after the opening in spite of the fact that very few country sales were made overnight. In many cases prices are as much as 10¢ a bushel or more over the loan so it is not easy to understand the farmers' thinking as ordinarily they might be expected to redeem this impounded grain. Even though feeding has been heavy throughout the unseasonably cold winter, with last year's record crop a large surplus should still be available for marketing.

It is thought that India has bought close to 3 million bu of hard winter wheat, but the terms of the sale have not been confirmed. Minneapolis reports that CCC sold an additional 500,000 bu of wheat in store in Minnesota. Broomhall says wheat harvesting in India has made satisfactory progress, and a record sized outturn is indicated.

Primary receipts of wheat are 1,044,000 but there is no comparison as Friday last week as well as a year ago was a holiday. Kansas City and Minneapolis stocks have decreased 258,000 bu so far this week and the visible when posted Monday will compare with a decrease of 1,208,000 bu last year.

Wheat was featured by weakness in May and firmness in the new crop, probably due to spreads in the nature of profit taking. A weak meal market influenced beans which were lower.

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CHICAGO, 4 April 6, 1959

One of the most disappointing features of agricultural legislation in the past few years has been the fact that the enactment of programs has been more with a view towards temporary relief for the farmer instead of attempting to arrive at long-range improvements. When Congress reconvenes on April 7th, full attention should be devoted to the passage of a farm bill that will in some measure effect a cure. Wheat is the number one problem, and it is thought that eventually the discontinuation of acreage allotments and marketing quotas should be effected, as in this manner farming might again be returned to a free and natural state without the present-day governmental intervention. However, we hear it is not likely that any bold change of this nature will be instituted at present. In the interim it has been mentioned that there is a good possibility that the 1960 wheat crop will be supported at 75 to 90% of the average market price of the three preceding years. This type of law would be similar to the 1959 program for corn, and if history is repeated, it would mean that farmers most likely would plant a very large number of acres to wheat in 1960, and the extension of surpluses would even be broadened.

Even now about 9¢ out of every tax dollar spent is for agricultural programs. The most important project must be to reduce federal costs, which will mean eventual relief to taxpayers, and the process of doing this would be, of course, the reduction of the present huge supplies. Although it appears as though a direct subsidy payment plan most likely will not be approved, it is still our opinion that legislation of this nature would be beneficial, particularly for wheat, as most of this cereal grown as opposed to corn is marketed either domestically or for export, and after all, the main thing the government is trying to do is to stabilize producers' income. This aim would be accomplished by mailing a check to farmers for the difference between the present parity price and a fair market price for the number of bushels necessary to meet annual domestic consumption. Excessive production would be discouraged, expensive storage costs would be curtailed, administrative expense would be lessened, and the eventual result should be the return of free markets with resultant production governed by the laws of supply and demand.

Weather was favorable throughout the grain belts, and the 5-day forecast suggests some moisture for western parts of Kansas and Oklahoma. A private elevator company in Illinois commented on reports of more wheat appearing dead and not reviving, as had earlier been expected and if weather had permitted, quite a little would have been plowed up this week. It is difficult to determine how much wheat will be abandoned, but this in addition to other crop bulletins in this section of the country leads us to believe that the severe winter has caused some damage in spots. Recent rains have slowed oat planting and it will be another week with favorable weather before farmers can get back in the fields. However, it appears that from the demand for seed that more acreage will be planted than expected in southern Indiana and Illinois.

Chicago stocks of wheat decreased only 52,000 bu, leaving 7,153,000 bu here. Corn increased 833,000 bu, and there is a total of 23,272,000 bu in local elevators. There are 2,127,000 bu of oats here as the result of a decrease of 167,000 bu. Rye stocks increased 24,000, totaling 1,009,000. Beans decreased 110,000 bu, leaving almost 10 1/2 million bu here.

The CCC lowered its offering price of #2 red wheat at the Atlantic, but the market price is still cheaper, so that they would have to reduce prices even further in order to actually sell any of their stock. There was some export business consummated, with UAR having purchased 15,000 tons each of white and mixed wheat on the East Coast, as well as 9,500 tons from the West Coast, and 12,500 tons of hard wheat at the Gulf. Norway bought 5,000 tons of corn, and the U K and the Continent parcels of corn. With this export business in wheat the new-crop futures in Chicago posted new highs for the season. Even though this can be attributed in great part to the fact that there have been some reports of damage in the wheat belt, it is also true that hedgers had their commitments in the July contract, and with these foreign sales they have lifted their hedges, and helped to impart strength to these new-crop months. The country sold very little corn, and as a result futures were again high,

The visible supply of wheat decreased 2,908,000 bu.

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CHICAGO, 4 April 7, 1959

Unemployment fell in March by about 387,000 from February's 4,749,000 level. Even last month, when the figure was construed by some as having been very high, it was still 424,000 lower than in February, 1958. The measures of unemployment are in many cases quite misleading. Both figures and estimates are subject to the peculiarities and weaknesses involved in sampling procedures as well as seasonal adjustments. For example, statistics last month showed that there were 138,000 fewer people working on farms than the year before and 503,000 less than those employed on farms two years ago. Thus the total of non-farm workers in both January and February exceeded the like months in each year. Much less is said about the total number of people at work, which at mid-February showed 63,828,000 gainfully employed.

Before our market opened this morning, there was not too much news to guide it except that the weather forecast was favorable, with scattered showers predicted for Kansas, Oklahoma, and western Texas. While there had been no rain to speak of overnight in these areas, it now looks as though some of the dry spots might get at least partial relief. A showery condition was also spreading over the corn and soybean belts, which may further delay the oat seeding. There is still a great deal of interest centering around old crop wheat futures, both here and at Kansas City. To a lesser extent this is also true of conditions in the Northwest. Reports from the Southwest indicated that selling from the country had picked up sharply overnight but mostly on higher protein types. According to The Southwestern Miller the spot value of number one hard wheat was $2.11 at Kansas City last night, which price was within 2 to 3¢ of redemption on a considerable amount of farm grain. On this latter type, producers may still withdraw their wheat from the loan, although this is not any longer possible on grain stored in warehouses.

Last year we had a very tight situation in Chicago May wheat, with the old crop future at one time selling more than 40¢ per bu over July. About half of this was attributable to the drop-off in the loan with the 1958 crop supported at a much lower level than the year before. Thus any comparison with the 1958 situation must take this factor into account. Just recently May wheat sold at a premium of about 25¢ per bu over July and thus Chicago did attract some wheat from other markets, although quantities that have come here up to now have not been too important. There is, however, an indication that the very close adjustment between demand and free supply may be relieved, and while we had a record quantity of wheat placed under loan, we must not overlook the fact that production of wheat last summer was the highest ever reached. Last July the carryover of free wheat amounted to only 28 million bu, and with the large population we have in this country, this was almost too small for comfort. We doubt very much whether that low figure will be repeated at the end of the present crop season, but on the other hand, there is still a large concentrated holding in our May wheat, which also should not be ignored. However, if any group stands for delivery on the May contract with the hope that, together with the holdings acquired in March, prices will respond to the tightness thus created, it must be borne in mind that unless there is a commensurate demand for such grain during June, these supplies will have to be carried into the new crop and thus compete with cheaper offerings when new wheat is available.

Statistics did not show any important changes. Chicago free stocks of wheat declined 52,000 bu during the week, leaving 6.1 million bu here. The government weekly grain report was quite optimistic, calling attention to mostly good stands, although in Oklahoma and Texas conditions are only fair. In the Low Plains of Texas wheat was poor with further deterioration noted. It is very dry Northwest, and rains are badly needed. July wheat was somewhat lower, with a light trade. Selling was mostly of a local character. Beans were quite indifferent. They paid little attention to early strength in meal, nor to the sharp break of about 100 points which followed. Corn was firm, with country offerings still light. The deferred rye futures were strong, and it is difficult to see where Chicago will draw supplies on anysubstantial scale to build up a stock here. Imports from Canada are not likely after July at present market differentials.

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CHICAGO, 4

April 8, 1959

Beneficial amounts of moisture fell overnight over almost the entire southwestern and central sections of the country. More of the same in the form of heavy snow and rain is forecast for much of the wheat and corn belts in the next 24 hours. Areas that received help included the dry sections of the Texas Panhandle and southwestern Oklahoma.

On Friday of this week the first report will be issued on the indicated size of the winter wheat crop since the government estimate based on plantings as of December 1st last year. There is presently no way of knowing how the new figure will compare to the 957 million bu forecast at that time. Using the number of acres planted, the original USDA report relied on average growing conditions as the means for projecting the size of the crop. Generally speaking, reports of progress have been fairly normal over a wide area of the wheat belt. Even though an unusually prolonged winter caused alternate freezing and thawing, in most cases moisture has been plentiful over much of the central and western plains. It is not unusual for crop scares during the growing season, and there have been reports of losses, including some stem rust and Mosaic disease. Winter kill may have taken a toll in some of the midwestern states, but on the whole it appears as though a good-sized crop is in prospect, and supplies for the coming year should again be ample when we add this year's production to the 1,283 million bu carryover expected on July 1st. We have had interesting markets in new crop futures these past months, as some time has elapsed between government reports and the market has been sensitive to news governing growing conditions.

An interesting speculative situation should prevail regarding 1959 soybeans, as even though acreage intentions have been estimated, no bushel figure will be available until August, and this unknown quantity should tend to make markets sensitive. It is possible that carryover and production combined could nearly equal consumption in the next crop year, and consequently could cause a reduction of the surpluses, which would help improve prices. However, with November beans currently selling over the loan basis Chicago, any increase from early expectations on the size of the crop would cause the government price to act as a deterrent. Therefore, crop reports will bear close scrutiny, as they will have an important effect on markets in the coming months.

The Illinois weekly crop bulletin estimates oat seedings about 55% completed for the state, which compares with 76% last year at this time, and an average of 60% for this date. Wheat growth is showing improvement and appears to have weathered the winter with light damage in most areas except for some central and eastern sections, where ice damage and drowning in many spots will have an effect. Moisture and soil conditions appear to be excellent which should be helpful to farmers in getting their corn and soybean crops off to a good start.

Overnight Pakistan purchased 10,000 tons of eastern coast white wheat, and Denmark bought two cargoes of soybeans. Parcels of corn were sold to the U.K. while France bought 3,000 tons American and 1,000 tons Canadian flax. Exports of soybeans through February are 55.7 million bu vs 50.6 million a year ago.

Further information by private sources on Canadian crop conditions say that although seeding is about one week to ten days ahead of last year, many farmers in southern areas are in need of rain before finishing. Where winter wheat and rye have turned green, they look spotty, and surface and subsoil moisture is deficient, particularly in western sections, although it is still early in the year and there is time for improvement.

Primary receipts of wheat were 572,000 bu vs 639,000 bu last week and 1,015,000 bu last year. Kansas City and Minneapolis stocks increased 14,000 bu so far this week.

There was not a great amount of country wheat sold, in spite of the fact that prices in the Southwest remain relatively firm. The few sales there were made were mainly high protein varieties, plus some fair amounts of purchase agreement grain in Kansas and adjoining states. The same holding tendency exists in corn, as both the futures and cash markets remain firm. Nevertheless, farmers are reluctant to part with their stocks as long as the price situation remains favorable. New-crop rye futures were again higher.

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CHICAGO, 4 April 9, 1959

Organized labor held a big mass meeting in Washington yesterday to protest unemployment. About 7,000 delegates were present, and the head of the United Auto Workers advocated "crash" programs to expand employment. It is to be hoped that these demands will be considered carefully, but that, by the same token, no unsound policies will be adopted that will cause further inflationary tendencies. Too often when proposals such as now are being made are handled politically they end in more federal spending or costly wage plans with inflationary potential rather than to provide appropriate support for an atmosphere in which private activities may be confidently employed to expand and provide more jobs. It is, of course, somewhat disquieting that unemployment has been more or less persistent during the recovery period, but at the same time, there are always a large number of unemployables in any society, particularly when population growth has been as rapid as we have had it in this country during the past decade. Furthermore, some of the joblessness reflects to a considerable extent the cumulative effects of the heavy capital investment in labor-saving equipment in recent years. To a lesser degree it may indicate that the cost of various fringes has risen to a point where it is more economical to pay overtime to present workers than to hire additional ones. A very careful study of the underlying changes in our economy is essential if we are to find sound, long-range solutions to some of the problems now at hand.

Before our market opened, there were reports of some additional moisture Southwest, with probably more to come, but in the main the rains which fell over some of the dry areas of the Southwest have relieved a good deal of the apprehension which existed; therefore, one or two of the crop reports that were circulated this morning were not accepted at their full face value. For example, the Oklahoma crop bulletin stated that over 50% of the wheat crop was in good condition, despite thinning of stands by greenbugs throughout much of central Oklahoma. They went on to say that approximately one-third of the wheat crop is now in the jointing stage compared to one-sixth a week ago. Undoubtedly, the rains which occurred in the southwestern part of the state will bring about recovery of some of the doubtful fields, and thus hold down any additional crop damage. Meanwhile, extensive spraying operations and warm weather will help materially to prevent deterioration which had been previously reported. There can be little doubt that crop conditions in the Southwest are not as glowing as they were a year ago, but as we have mentioned often in these letters, bumper crops are just as exceptional as are disasters.

In the meantime, we continue to show heavy exports of wheat and flour, and according to Broomhall during the past week nearly 5 1/2 million bu was cleared. This means that since July 1st total shipments have been 328 million bu, which is roughly 34 million bu larger than for the same period a year ago. World shipments by the six large exporting countries since August 1st have amounted to 638 million bu vs 604 million a year ago, thus indicating that most of the increase was right here in the U.S. Our corn shipments for the week were 1.8 million bu, and since October 1st we have cleared nearly 103 million bu, which is 6 million bu greater than the season earlier. In the field of exports it is noteworthy that rye shipments are more than double those of last year: namely 7.7 million this year compared with 3.1 million in 1958.

Primary receipts of wheat amounted to only 714,000 bu; this compares with 896,000 bu last week and 756,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 175,000 bu.

There was a little hesitancy in wheat at the opening, but new-crop futures firmed up and sold within fractions of the season's highest level. There is no pressure yet, and with some unfavorable reports coming from the Northwest on moisture conditions, as well as from Canada, there seems to be fair support coming into the market. May wheat was indifferent early but finally improved; there was a considerably good spring flour business during the last two days and orders are keeping up moderately. Corn was inclined to be a little easier. The spot market was well maintained, but more attention is given to the probability of another big crop, with increased acreage and chances for a bumper carryover. Old-crop beans were a shade lower, and traders probably were influenced by moderate declines in meal. The new crop months were very strong.

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CHICAGO, 4

April 10, 1959

Economists are optimistic that Union demands from management will be more moderate this spring than at any time in recent years. Though the deficit financing policies of the federal government have contributed toward inflation as much as any other force, it is also true that the wage-price spiral has been an important factor in the present-day high cost of living. The original drive behind the formation of Unions was for them to act as a balance of power insofar as employer and employee relations were concerned, and to assure better working conditions, shorter hours, and increased health benefits, etc. The long-range intent was to raise the standard of living and temper the monopolistic trend that was becoming evident in some industries. This concept seems to have gotten out of proportion to the theory behind the formation of the Union move. Continued forcing of wages to higher levels has increased consumer prices, so that the eventual cost of production has been enlarged to the point that this country is fast pricing itself out of world markets. Foreign trade has suffered; for example, in the automotive field, where foreign manufacturers have been able to import a product to this country, with which American makers have not been able to compete.

The President has told the Steel Industry he will not stand idly by while wages and prices are forced to new high levels, as the resultant effect on the economy would be damaging. The blame cannot be placed on any one segment, as just as the government must act to reduce expenditures, labor and management should be more realistic in the formulation of policy, so as to reduce harmful repercussions that would naturally result from a continuation of across-the-board price increases.

A crop summary by a private reporting firm optimistically discusses winter wheat conditions in the Southwest, particularly in Kansas, Nebraska, and Cdorado. They point out that moisture supplies and stands are very good in these states, as well as Oklahoma, except for the southwest portion of that state where they verify other recent reports that conditions are poor, though recent moisture may have helped this area. There will probably be some losses there, as well as in central and northern Texas westward into California. In the soft winter wheat states, moisture supplies are excellent, and there has been less winter damage than indicated by earlier inquiries, although some sections might be diverted to spring-planted crops.

It is generally thought that this afternoon's government forecast will compare fairly closely with the 957 million bu crop indicated on December 1st. Other important statistics to be issued after the close of the market today will be stocks of all grains on farms, as the extent of country selling and farm feeding will, of course, determine the eventual amount of each commodity in the carryover.

There has been very little flour business, especially since the activity in spring offerings has subsided, and only a limited inquiry is noted for both hard and soft winter wheat. In the export field the UAR is requesting offers on 30,000 metric tons, and Colombia is expected to buy 2,500 tons of spring flour, two cargoes of soybeans were sold to Italy, and it is reported the U K bought 15,000 tons of corn. Otherwise, export business is quiet.

Primary receipts of wheat were 859,000 bu vs 1,044,000 bu last week, and 990,000 bu a year ago. Kansas City and Minneapolis stocks so far this week have decreased 148,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease of 95,000 bu in 1958.

Country selling of wheat the past few days has been much less than earlier, with the possible exception of Oklahoma and Texas. However, indications are that free supplies are generally reduced, and the cash market in Kansas City still commands a substantial premium, exemplifying the fact that large amounts are tied up in the loan, and will require firm prices between now and the movement of the new crop in order for consumptive needs to be met. On the other hand, Chicago May wheat is more governed by the technical position, and recently the market activity has quieted somewhat, with the open interest remaining fairly close to the 40 million bu mark. Dispostition of local stocks, and the manner in which positions are evened up should govern prices in this old-crop contract. Season's highs were recorded in new-crop oats and rye. Though corn and beans have done very little the past few days these futures have maintained most of their recent gains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 13, 1959

After the close of the market Friday, USDA made its first estimate of the winter wheat crop since last December. At this time they figured on abandonment of 9.2% and the average per-acre yield was down about 5 bu from the year earlier. They showed a slight improvement over the December figure estimating production at this time at 966 million bu vs. 957 million then. This compares with last year's banner crop of 1,180 million bu, but some reductions were expected, and the glowing prospects of last year will probably not be repeated for a long time tocome. Individually, many states made very good showings. For example, Kansas, which is the largest winter wheat state, could raise a crop, according to present indications, of 230.5 million bu, which would compare with the 10-year average production of 169 million bu. Oklahoma, with a present prospect of 75.5 million bu, will be compared with the 10-year average yield of 65 million bu. Even Texas, where prospects were not regarded as too good, has a potential of 47.1 million bu, which is somewhat better than the 10-year average of 35.3 million bu. Nebraska appears to have a chance of raising 86.7 million bu, which would compare with an average of 75.1 million. The Central States do not have as bright a future as they did last season but Illinois is scheduled to produce 54 million bu, which is some 10 million better than average, and Indiana will also have a somewhat higher yield than normal, all of which confirms our previously expressed thoughts that we still may have a big crop but in comparison with last year, there will be reductions. Montana last season finally came through with a big crop of 63.3 million bu, and now has a promise of only 47.7 million bu.

Space does not permit us to go into further detail. The figures as just recited were neither surprising nor indicative of any changed thinking. However, the amount of wheat on farms showed 283 million bustill in producers' hands, which was a rather large quantity, but again not too surprising in view of the bumper crop. Stocks of corn remaining on farms on April 1st dropped to 1,816 million bu, which leads us to the conclusion that consumption for the quarter must have been very heavy. We are not entirely sure but that some of this corn which has moved from first hands may not show up in other positions because of the large amount of tankage which has been constructed, but, nevertheless, there was some disappointment that Friday's figure was not larger.

USDA showed nearly 125 million bu of beans left on farms, which was about twice the normalquantity, but it, too, showed heavy disappearance since we only have about 7 million bu more on farms than last season, with a much larger crop. There was nearly 2 million more rye remaining on farms than 1958, but owing to the fact that the crop was about 8 million bu larger last summer, there was evidence of large disappearance, and we still believe that it will be difficult for Chicago to build up large supplies. The new crop is estimated about 4 percentage points lower than the 1958 outlook.

The spring wheat outlook is not too good because of moisture deficiency over large areas, but the government will not report on probable yields until next month. In Canada seeding will commence almost immediately in some of the earlier areas and should be general in another week or ten days. As yet they have not received any moisture so that there is a potential danger in that country. However, good rains any time in the next 30 days certainly would correct that situation, according to one well informed source.

The visible supply of wheat showed a very minor decrease leaving 355.5 million bu in all positions. Here in Chicago our wheat stocks showed a small increase of 24,000 bu so that we have 7.1 million bu here. The U.S. corn visible - increased nearly 2 million bu of which Chicago contributed 829,000 bu to the additional stocks. No important changes were shown elsewhere on the list. Our Chicago bean stocks are still about 10 1/2 million bu.

Shortly after the opening there was heavy buying of May wheat by a commission house, and one of the houses that has been identified with taking March deliveries and holding large quantities of May seemed to have been a seller on balance so that finally there were reactions from early advances. July wheat was comparatively firm and there was some back spreading between this future and the old crop month. Deferred months made crop highs early.

Corn and May beans were higher. The latter were influenced by comparatively small stocks on farms and also some export business. Rye had a sharp rally from the early low, but best prices did ~~not~~ hold.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 14, 1959

The diet-conscious person would be interested in knowing that as an average American, he or she will consume some 1,600 lbs of food during the present year. Included in this amount is 188 lbs of red meat and chicken, over 700 lbs of dairy products, such as milk, cream, butter and eggs; plus fresh fruits and vegetables totaling 200 lbs, and also, for those who like desserts, approximately 35 lbs of ice cream and coffee. By world standards, we are a well fed nation, with a better quality diet per person than anywhere else on the face of the earth. Even so, experts tell us there is room for improvement, so far as the quality and balance of food intake is concerned, and it would be desirable for each individual to eat even more meat, vegetables, citrus fruits, and cereals than he presently does. Some of the food products that have decreased in per capita usage in the past years are derivatives of wheat grains, such as bread and cereals, and per family intake is down some 20% since the 1930's. This is due mainly to the increased standard of living and with the higher income level prevalent today, people are better able to buy meat and other high quality foods that were formerly considered to be delicacies.

Unfortunately, the so-called basic crops: namely, wheat and cotton, are the ones that have depended on supports and controls, and it is these commodities that are in trouble. Secretary of Agriculture Benson discussed this problem in a recent speech, and in searching for a remedy to the problem of surpluses which have resulted in increased production and decreased consumption, seems willing to further restrict acreage plantings. Though new funds must be appropriated by Congress, it is the Secretary's intention to take 40 million acres, almost 10% of the nation's cropland, out of production by 1963. At the same time wheat supports would be set at 75 to 90% of the average market price of the last three years, probably the former, which would equal $1.41 a bu. In this way it is hoped that savings would be made between the export and the lower loan price, which would reduce the subsidy and at the same time help to discourage plantings in excess of normal annual consumption. This would be for wheat only, and the present corn, cotton, and rice programs would remain "status quo," as there can be no "all-in-one-bill" effectively used for all commodities.

Temperatures have become more normal and moisture was almost nil over the wheat belt, though the forecast is slightly more encouraging for the very dry northwest sections, and it is hoped that some rainfall will come to those areas as they would be most welcome at this time.

Shortly after the market opened, selling developed in May wheat, and once the market sold under $2.09 a bu, stop-loss orders were touched off and a further break of 2 1/2¢ took place before support came into the pit. Quite a readjustment has taken place since the May-July spread traded at 24 3/4¢ difference two weeks ago. There have been many rumors in the trade this morning, but the only well founded information was the report that some warehouse receipts have been sold to a local elevator as well as a sale to an out-of-town mill, the latter being expected to ship this grain out of Chicago in the near future. In spite of the fact that much of the selling the past few days in the May contract has been attributed largely to a commission house considered to own a sizable long position, the open interest yesterday increased about 1 1/4 million bu. Many of these pit sales have been on a spread basis with new crop months, and the latter though somewhat lower, have been held comparatively well. This is in part due to dry weather conditions in the Northwest which we mentioned above, as well as the fact that a considerable amount of export business is anticipated within the next day or two, and hedges in July may be lifted as these foreign sales are consummated. India is requesting offers on 100,000 tons of hard wheat, and West Germany is expected to buy 65,000 tons of hard or spring wheat via the Atlantic some time late Tuesday and Wednesday. Formosa will buy 12,000 tons of West Coast hard wheat, and two cargoes of soybeans were sold to Israel for May and June shipment out of the Gulf.

Corn remains firm and country sales still not reportedly heavy although Chicago receipts have increased somewhat and free stocks in local elevators total 6.7 million bu. There will, however, be shipments from this market as soon as navigation opens. New-crop beans were quite weak and with clear weather for oat plantings prices in this market were lower. Yesterday's gains in rye were mostly wiped out.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 15, 1959

Yesterday was a day when the commodity index showed the sharpest decline of the year. We realize that all commodities do not fluctuate in unison, but it is very often important to see what the general trend is, particularly when numerous declines occur. For example, there were rather sharp losses yesterday in wool and for hides, cocoa prices declined, and here in our own market May wheat dropped nearly 4¢ a bu, while there were breaks also in the soybean meal market. Looking at the Dow Jones commodity index, losses were the greatest for a single session since late November of 1958. As was to be expected, May wheat, which probably had the sharpest loss in the grain category resulted from longs attempting to take profits.

It is very unusual for an old-crop future to sell at a premium of 20 to 25¢ a bu over the new unless there are some very extenuating circumstances. Last year, to be sure, there was more than a 40¢ spread between May wheat and the new crop, but half of this was attributable to the lower 1958 loan, and this year we have a situation where the government support price is the same for the 1959 crop as it was for the last one. The widest spread that we have had between May and July wheat this year was nearly 25¢ per bu, which would indicate a great shortage. Of course, with a large carryover in sight this would hardly be possible under normal circumstances, but with record impoundings which have occurred, a good many people favored the idea that there would be an extremely close adjustment between demand and free supply. To some extent we feel that a premium for old-crop is warranted, but likewise if the price for old wheat had been permitted to go too high it would undoubtedly have attracted some of the wheat that had gone into the loan, or if prices had advanced far enough it might even have permitted the government to sell domestically some of its accumulations under its selling formula. Therefore, it is quite obvious that while government supports act as a prop, they also act as a ceiling under certain conditions when total reserve is sizeable.

This morning there was further selling of May wheat both here and at Kansas City, and we can only assume that some of the longs are beginning to waver. Everyone knows that while theoretically the present crop season does not terminate until June 30th, that some supplies of new wheat come to the market before that date, particularly in Texas and parts of Oklahoma. Therefore, it is plain that those who take delivery of wheat on tenders late in May may have to think about liquidating their holdings in competition with the new crop, although in Illinois we seldom get wheat moving on a heavy scale until about July 4th. In our state here, wheat improved rapidly last week with a few days of warm sunshine, especially in the southern districts. Some of the harder hit fields that were damaged by the severe winter are being plowed for other crops. Meanwhile, plowing for corn and soybeans is about half completed.

There were reports this morning that India had purchased 65,000 tons of hard wheat via the Gulf, while the U.K. bought some parcels of corn and milo. Germany purchased some soybeans, but in small quantities. Germany also bought five cargoes of spring wheat out of Duluth, but there was no sign of heavy hedge lifting here. In fact, July wheat declined as much or more as did May. Moisture in the Southwest was said to have benefited the wheat crop over most of Kansas, although there are still some irregular stands. The color, however, is generally good, and some mosaic infestation is reported in a number of central and west-central counties, but damage thus far has not been severe.

Primary receipts of wheat amounted to only 633,000 bu which compared with 572,000 bu last week and 767,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 226,000 bu.

There was further liquidation in wheat today. Some traders may have been encouraged by the fact that the open interest in May showed a decline of 2.8 million bu yesterday which indicated that a good many traders must have evened commitments. There was also a decrease of over a million bu in July wheat, probably the result of some back spreading. Prices were quite weak for a time, particularly as some warehouse receipts were also sold, but the market developed a little better undertone on the decline and some recoveries occurred. There was an increase in corn bookings along the Illinois River and futures were slightly lower, but there was no heavy volume in the pit. New crop beans encountered support after easing early, and closed firm.

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CHICAGO MERCANTILE EX.

April 16, 1959

In a recent address, Assistant Secretary of Agriculture Marvin McLain, employed some interesting statistics in discussing the ever-changing aspects of agriculture. Since World War II, the farm production potential has increased more than 50% on a smaller number of acres with the utilization of 30% fewer man-hours. There are many reasons involved, such as improved techniques due to mechanization, fertilizers, disease control, and, of course, research, which has to a great extent helped in the increase of goods. The government price support program in effect for the past 25 years has been influential in determining farm output also, and the situation is now such that farming has become more commercialized than ever before. With only 20 million people living on farms, it would appear as though agriculture might be losing its economic importance in the country. This is not the case, however, as even though there are only 7 1/2 million farm workers in the U.S., over one-third of the employed population is directly or indirectly concerned with agriculture, either as producers, processors, or those who market and supply goods used or grown in rural areas. The ever-changing conditions governing the standard of living have affected farm families, as well as other segments, as even though prices since the late 1940's have increased considerably, so have costs, with the result that a higher output than ever before is necessary to balance income and expense. Returns from commodity goods have in many cases not kept pace with manufactureditems. Consequently, the nation's growers are hopeful that inflationary tendencies will not continue, as they are materially affected the same as all people in the country.

Recent weather in Europe has been mild, with rather widely distributed rains, according to Broomhall, and winter grains are generally in good shape and doing well. It appears from this report as though growing conditions governing wheat are satisfactory, and improved moisture supplies over much of Australia have strengthened expectations in that country, so that total world production of wheat apparently will be plentiful in the coming year.

Wheat and flour exports the past week totalled 5.8 million bu, and since the start of the crop year are 335.7 million compared with 303 million last year. In 1958, 100 million bu was exported between this date and the beginning of the new crop, and projecting a similar figure to be shipped between now and July 1st, would mean that the total export figure will likely approach the 450 million bu earlier forecast by USDA. Since October 1st, almost 110 million bu of corn has been exported, which is a very slight increase over a year ago. Rye totals 8 million vs 3.2 million in1958. Regarding the latter mentioned commodity, the Department of Agriculture has announced that they are conducting an investigation to determine the justification for continuing controls on rye import quotas which expire June 30th. Since no final action can be expected before that date this would not affect this year's crop but the shipping cost would not profitably allow for a movement of Canadian rye to this market based on the present difference between the Winnipeg May and Chicago July contracts.

Some export sales in flour are epxcted as the CSS has asked mills to submit offers, and included in these is the amount of 660,000 CWT to U.A.R. anticipated tomorrow. Otherwise, export business is quiet, and even though fair amounts of wheat have been sold to foreign nations the past few days there has been very little evidence of hedge lifting in the pit.

Although markets have been comparatively quiet this morning there was some early liquidation in corn, and receipts by rail in Chicago continue at a fairly good pace. Although the spot market is steady at about 5¢ over, bookings along the river were a little heavier and bids for barge shipment are running 1 to 2¢ lower than they had been. Even though country selling has increased somewhat, it is still not heavy, and it remains to be seen whether or not farmers will part with more of this cereal if prices sell lower.

There were wide fluctuations in May wheat with the market strong early and weakening later in the session, and we heard that more cash receipts in store in Chicago elevators have changed hands at just about a carrying charge discount, and this added to yesterday's sale means that some of the red wheat taken on the March delivery is being liquidated. The open interest declined more than 1 1/4 million bu indicating further evening in the May contract.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 17, 1959

There are a great many conflicts in the U.S. agricultural program and policies. For example, the federal government contributes to growth and improvement of our crops by encouraging research to develop new knowledge in science and technology, while at the same time trying to curb sown acreages to keep production down, with the hope of reducing surpluses. We are also educating many of our friendly Allies in trying to show them how to improve their crop output, which is hurting our export markets in the sale of goods abroad. In another field, the Agricultural Conservation Program was intended to help the farmer make permanent conservation improvements of his land, but much of the money that he receives for doing this is being used for ordinary farm expenses. He is using at least part of this money for better fertilizer and intensive cultivation, and thus raising larger crops on the remaining areas. In spite of the vast outlays of public funds in recent years, the farm programs are moving but slowly toward achieving a balance between the supply of farm output and demand. We are talking about the restoration of the farmer's freedom to manage his own enterprise, and yet we have acreage allotments, marketing controls, and other artificial stimuli that are contrary to the American way of life. We deplore the fact that some farmers through reduced income are seeking a better livelihood in other industries, yet we still are keeping supports at a high level, which encourages them to continue their agricultural operations.

In the field of stockpiling the real motive was to have sufficient raw materials to serve us in time of war, but when we encourage these activities, which are directed in many cases at raising prices of certain metals and minerals, it does more than simply meet our security needs. So many of the programs have been costly and uneconomic, but the main drawback has been the loss of markets, and when surpluses accumulate we have had to subsidize exports, which in many cases has antagonized friendly countries whom we were trying to help in other economic fields.

The New Orleans Cotton Exchange has taken a very definite stand urging the adoption of direct production payments to the American farmer, sufficient in size to provide for his just share of our American way of life, and yet permit him to sell his crops to the world markets. They advocate and urge the return of free marketing, permitting the use of the American's innate ability to get his share of any market, and under any circumstance. Finally, they advocate the re-establishment of our historic one-price system, the same price to the American mills as to their foreign competitors. We regret the fact that Secretary Benson does not see fit to go along with these principles and to establish a Domestic Parity Program for wheat that would accomplish the aims in the marketing field that our forefathers prized so highly.

Primary receipts of wheat amounted to 749,000 bu which compared with 859,000 bu last week and 896,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 340,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 494,000 bu.

Trade in wheat futures was not particularly active. The new crop months held relatively better than May, and while there was some moisture reported both in the Northwest and Southwest, we shall still need more relief in spring wheat areas before the crop can get off to a good start. However, there is more moisture in sight for that area. It looks as though the weather map was generally unsettled, and we may have some rains also in the Central States. Some more warehouse receipts were sold to elevator companies which may have contributed to the early weakness in May wheat, and of course there is always the possibility that wheat now being repossessed could be tendered again next month.

Corn prices were firm, particularly for the May future which gained on July. There is still not much being sold from country points. The spot basis was a little lower. In recent days there has been some very good Illinois River business for export corn via the Gulf. Chicago receipts have been a little better. We heard that several soybean processors were likely to close down for brief periods unless there is an early improvement in demand for meal. In spite of this, May and July beans were in fairly good demand. There was slight improvement in rye prices, but not much activity in the pit.

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CHICAGO MERCANTILE EX.

CHICAGO 4 April 20, 1959

There was moisture over the week-end over much of the grain-producing area of the country, although some of the central and northern sections are presently having cold weather, which may be delaying growth progress. The rains are beneficial and as far as wheat is concerned, there are only a few isolated points where damage has been sustained. Most states will produce at least average-sized crops, with the possible exception of the northwestern territory, where spring wheat has been planted under less favorable conditions, and though there has been some relief the past week, more will be needed throughout the growing season. It has been thought by many in the private trade that the size of the winter wheat crop will increase from the government estimate, based on April 1st, as it is common for improvement between that date and harvest, and this has been proven by past history which shows that setbacks have occurred only in years of drought conditions. Therefore, it is likely that the eventual size of the crop could be in excess of a billion bu, but it does not really matter exactly how large the output will be, for if we did not raise a single bushel in 1959, there would be enough to feed the entire population during the coming year, as well as meet normal export requirements and still have in the neighborhood of 300 million bu in July of 1960.

Only 2 1/2 months remain in the present wheat crop season, and so far there has been little evidence of tightness of free supplies, as even though large quantities have been impounded, recent high prices have allowed for rather generous country selling, and even some redemptions of farm-stored wheat which had been placed under the loan. The result of this has been an easier tendency in old crop wheat futures, and even though free supplies may not be as readily available now that market prices are lower, we must also consider the fact that in some of the more southern areas of the nation early harvesting will be encouraged by the still present premium, and the movement, which is normally the case, will get underway late in May and during the month of June. With these thoughts in mind, it is still doubtful whether or not May wheat can maintain its approximate 15¢ premium over the new crop months. It appears as though mills and exporters are adequately supplied temporarily, and this factor can have an influence on the price of old crop wheat between now and the 1st of July.

In addition to 2 cargoes soft white wheat sold to the UAR, that country is also reported to have bought 30,000 tons of flour from two prominent mills. Except for some parcels of corn sold to the U.K. and the Continent, export news was quiet over the week-end, although we understand that the first lake steamer cleared the Chicago harbor with a cargo of corn. There are fair commitments of this grain which are expected to be shipped by water from this city. However, the exact amounts are not known and since there is close to 7 million bu free corn in local elevators, enough should remain to meet nearby requirements, and prices of this cereal will be dependent on the degree of further export business and how much farmers are willing to sell in the months to come.

Broomhall indicates that the Argentine National Grain Board is short 40,000 tons old crop corn sold to exporters which it is unable to deliver, because of recent wet weather, which has delayed conditioning of the new crop in that country. There is also pessimism there regarding quality and yields.

The Chicago wheat stocks this past week decreased 275,000 bu, leaving a total of 6,902,000 bu. Corn increased 1 1/4 million bu, and there are now almost 25 1/2 million bu in local elevators. Oat supplies in Chicago are 2,074,000 bu, as a result of a decrease of 41,000 bu. Rye stocks decreased 48,000 bu, leaving 903,000 bu. A decrease of 295,000 bu of beans leaves 10,128,000 bu in this city. The visible supply of wheat decreased 2,364,000 bu, and the total amount at terminal points is in excess of 353 million bu.

Despite the fact that receipts of corn in Chicago this morning were the heaviest in some time, the nearby futures remained firm; this in spite of the fact that the spot basis is about 1¢ lower than last week. Other markets were on the quiet side, with little in the news to affect them. Wheat prices were pretty much unchanged except for the May, which was a shade higher early in the session. There may have been some profit-taking by shorts after last week's break in the market. Soybeans were firm even though there is talk that some processors may close their plants as the conversion ratio does not make it profitable to crush at this time.

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CHICAGO MERCANTILE EX.

CHICAGO 4, April 21, 1959

About a month or so ago, the government indicated soybean plantings on 23.2 million acres against actual planted acreage last year of 24.9 million acres. Had this been borne out, it would have represented a decrease of about 7%. There has been a somewhat friendly sentiment in beans ever since that time. First of all, even with a huge crop last season crushings were exceptionally heavy, and it now looks as though we would not have as large a carryover as had been anticipated earlier, although it will still be one of record proportions. However, on the assumption that we raise a smaller bean crop next fall and continue with heavy exports and heavy crushings, many traders had felt that it was the basis for a fairly firm market. According to reports that we are getting from the country, the bean acreage may be somewhat larger than had been expected; it may improve by as much as a million acres owing to the fact that with the late spring, oat land might go into beans. Thus it may not be safe any longer to figure on a crop of only 500 to 525 million bu, which would have been just about enough to cover our needs for next year. We still hear of a huge increase in the corn acreage, and there may be even more than 84 million acres sown to this cereal against less than 75 million last year. The fact that prices have held rather firmly and the added incentive of a high loan to all farmers, whether or not they are in commercial areas, has tended to encourage farmers to plant on a heavy scale.

Insofar as winter wheat is concerned, there is growing belief that the final yield may be better than the 966 million bu estimated by the government earlier this month. Of course, we do not expect a national average of 27 bu per acre to occur often. However, yields have definitely been trending upward. Taking winter and spring wheat together, we find that in 1956, we were producing 20.2 bu per acre, in 1957, 21.7 bu to the acre, while last year we had the highest yields of record. Going even farther back to see what happened, let us look at the wheat yields in the 1940's. At that time they averaged about 16 bu per planted acre, and in the 1950's to an average of nearly 18 bu, while since that time with more intensive cultivation and good weather, we have exceeded all previous expectations, so that now it is almost an assured fact that if we have normal wheat crops and even sizeable exports, we shall continue to add to our surpluses each season unless acreages are cut further. It seems to be along these lines that the Congress is now working with the hope that some of the inefficient areas will gradually be taken out of production.

It is still somewhat dry in parts of the Northwest. The Peavey Elevator report spoke of generally poor subsoil moisture in its territory except for the northeastern part of North Dakota. However, surface moisture has improved enough to insure germination of the crop rather generally. In Canada, reports indicated no rain over the Western Provinces, although some showers were expected in Manitoba later today. In the eastern part of the country, particularly Western Ontario, there is said to be considerable damage to winter wheat with the result that some acreage will have to be resown to corn and soybeans.

Primary receipts of wheat amounted to 752,000 bu which compared with 979,000 bu last week and 1,079,000 bu last year. Kansas City and Minneapolis stocks so far this week show practically no net change. Chicago stocks of free wheat decreased 275,000 bu during the week, leaving almost 6 million bu here.

May wheat was offered in the pit both on basis of July and outright, which brought weakness to the nearby month, but the deferred futures declined to a lesser amount. Domestic flour business continued at an exceptionally slow pace.- CCC yesterday listed about ten cars of soft white wheat and red wheat, which apparently was sold on basis of New York and Michigan inspection points for unrestricted use. This undoubtedly comprises grain taken over on loan which the Corporation did not wish to carry. Some of it graded as high as #1, 2, and 3, but the bulk of it was lower quality than that. Corn prices were again very firm, but May lost some ground on the July. The spot basis was 4 over May. Beans weakened a little, and there was some selling, but apparently no real issue except that the Chicagocommercial stock decreased 295,000 bu during the week. The government weekly crop report was mixed. Wheat in Kansas and Oklahoma was generally good. Damage was in evidence in scattered areas, but the extent cannot be determined until warmer weather sets in. They also spoke of dry conditions Northwest.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 22, 1959

There has been an attempt to reduce complacency regarding inflation, insofar as the public is concerned, as recently interest has been stirred up on many fronts. Some of the most widely read newspapers have urged their readers to apply pressure on their Congressmen to reduce expenditures and attempt to balance the budget. In a recent speech, Treasury Secretary Anderson stated that the notion that a little inflation is good for the economy is a ridiculous assumption, as it can only result in the eventual debasement of the currency, which would naturally affect the pocketbook of every American. When times are good, people have a tendency to forestall the future. There is a rush to participate in the "bull" stock market. Unions demand higher wages even though spiraling costs mean an ultimate decrease in buying power, and the process of federal hand-outs is conducted on such a wide scale that the recipients lose their incentive to be self-sufficient. The fact of the matter is, an adjustment is only being delayed, and eventually either taxes must be raised or spending will have to come into line with national income.

In the current year, which ends June 30th, it is estimated that there will be a cash deficit of about $13 billion, which is a record high except in World War II. It is in times of prosperity that a balance should be maintained, because if an emergency were to develop and additional funds were needed the borrowing power would be weakened and the health of the economy might be seriously affected. Unfortunately, the federal deficit is approaching $300 billion, which is such an incomprehensible amount that we lose our sense of value and the common notion tends to be that a few additional billions should not make any difference. The line must be drawn somewhere, and it seems as though an attempt to stir public reaction is the best presently conceived manner of gaining this end.

Weather was apparently clear over most of the wheat belt the past 24 hours, and according to reports seeding of spring wheat is completed in many sections of the Northwest and although those areas have had some moisture the past week, subsoil deficiencies exist and more will be necessary to assure a satisfactory crop. The market appears to reflect this, as recent liquidation in the May delivery has had little effect on new crop months. It is interesting to note that the government estimate on winter wheat as of April 1st showed a net gain of 19 million bu for the southwestern section of the country, while in constrast the seven major soft wheat producing states in the central areas show a decrease of almost 8 million bu. This in addition to the fact that it is too early in the season for any important hedging pressure to develop should help new crop months maintain prices at relatively good levels.

At the tap of the bell this morning a broker began selling what amounted to a very sizable quantity of May wheat, and it is generally thought to be liquidation by long holders, and no doubt the open interest will pretty much reflect this tomorrow. At the same time Kansas City May was subjected to selling against purchases of July in that market, and this, too, should contribute to the reduction of their open interest. A considerable quantity of warehouse receipts representing red wheat in Chicago were believed to have changed hands, and this in addition to other recent sales indicate elevators might be in position to deliver this grain on the May contract.

Soil conditions have been improved by recent rains in Europe according to Broomhall although spring work has been delayed. Winter and spring grains are still satisfactory in most areas, and wheat growth seems to be progressing in France and West Germany as growing factors are favorable. As was mentioned earlier in the week, excessive rains and flooding in Argentina have resulted in some losses of that country's corn crop and it is also feared the quality might be affected.

Primary receipts of wheat are 668,000 bu compared with 633,000 a week ago and 936,000 last year. So far this week Kansas City and Minneapolis stocks show a net increase of 117,000 bu.

Market activity was heaviest at the start with little change in wheat after the opening. Corn was a shade lower, possibly with profit taking after the recent strength, and soybeans were mixed with the old crop gaining while new crop futures were lower. There is talk that an increase in soybean acreage can be expected as land might be diverted from oats and wheat. A new impounding figure on corn and redemptions of all grains will be issued by the government this afternoon.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 23, 1959

After the close of the market yesterday, USDA furnished new figures on corn impoundings, also revised data for other cereals, which did not show any great change, and announced redemptions that had taken place during the past 30 days. The amount of corn under support is now 332.8 million bu, which is somewhat larger than last year, but the monthly increase was only 31 million bu, and not a very impressive figure. The total amount of wheat which farmers had impounded was at a record high of 609.2 million bu, of which 58.8 million bu had been repossessed, so that the net quantity still under loan is in the neighborhood of 550 million bu. This is still a fairly large quantity, but, of course, last year's crop was a bumper one, so that percentagewise one could have expected that quantities that would go under support would be correspondingly larger than when we had poorer yields.

When our market opened this morning, there was not the urgent selling of May wheat which had taken place yesterday. Furthermore, the weather map showed clear conditions over most of the country, and it is still very dry both in our Northwest and in Canada. The outlook is for some light showers in our spring wheat districts, but we believe it will take more than just light rains to make up for subsoil deficiencies. The same is undoubtedly true in Canada where it is estimated that 65% of the growing areas have very low reserves of moisture. Most of the wheat fields in those districts have had very little spring moisture, and seeding is now commencing with a minimum amount of moisture in the soil. For that reason it will make a vast difference in the next month or six weeks as to how much rain falls, and this will be the important factor in crop development, as wheat will be almost entirely dependent on moisture received through that period. The rest of the Canadian area, or approximately 35%, seems to have sufficient moisture to get the crop off to a good start, although there as well, there is no large moisture surplus, so that regular rains will be required throughout the summer months. The latter districts have the one advantage--that they will not require the continual surface moisture that the dry sections need so urgently.

When the crushing figures were published by the Census Bureau they confirmed a figure of 36 million bu, which had been spoken of quite frequently. It now looks as though total crushings for the season would be at least 400 million bu, which is a large figure and shows heavy domestic usage. Also, exports are running somewhat better than a year ago. There was a little early buying of July beans by processor interests. The amount of beans left on farms on April 1st showed heavy disappearance, and these stocks were only up 6% from a year ago, but they were nearly double the average. In any event, we shall finally have to draw on government reserves if processors continue to grind at the present high rate. We still hear that the condition of pastures for the country as a whole averages about 80% of normal, which was the case on April 1st. This is a few percentage points lower than for the same date last year, but otherwise is the best April 1st condition since 1953.

Primary receipts of wheat were a little lighter at 665,000 bu; this compared with 803,000 bu last week and 648,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 94,000 bu.

Trade in wheat was not heavy, and while pressure on the May future was much lighter the nearby delivery declined to a premium of 12¢ over July, which was the narrowest in a long time. New crop futures were quite firm, probably in response to dry weather reports from the spring wheat areas, and not much chance of any important relief, although a few scattered snow flurries and showers are expected in some of the western provinces of Canada tonight. Corn prices declined, but there was no important selling from the country. The market has had a good advance now, and it is still expected that later on selling from first hands will improve. Bean prices were firm, and there was some industry buying of both May and July. However, the deferred months were also in better demand, and fractional gains were recorded. Meal prices were considerably higher. There was a better tone to the rye market. The Canadian situation is more bullish than last year, and there is no assurance that we will be able to draw 3 million bu from that country, so this in turn could affect us, as would also dry conditions, but of course there is still time for rain.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 24, 1959

Bread has long been considered the staff of life, and even though usage has declined on a per capita basis in this country, it is still a most important ingredient in every person's diet. Wheat products in the United States furnish close to one-fifth of the total caloric intake, and the same percentage of protein is evident in the national food supply. About the same amount of vitamins and iron are derived from this source, although these figures overestimate the value of wheat alone, as the milling process includes additional enrichments such as milk in particular, which is used by bakers in the production of American bread. All basic cereals are broadly similar to wheat in nutrient composition and all provide abundant calories and offer some degree of protein benefit. Asiatic people, for example, exist on diets composed mainly of rice, and this product offers even more protein than some flour foods, but nowhere in the world can a grain or cereal staple be satisfactorily used alone. In all cases other food supplements must be added to prevent deficiencies. Consequently, the constant talk about balanced diets is based on well founded knowledge, and even though grain products are extremely necessary for their nutritional values, other food products also must be consumed in order to provide the most healthful results.

About the only moisture that was reported in this country overnight was small amounts in scattered sections of the Northwest, but in no instance were they particularly heavy. However, the Canadian reports are more optimistic, and it appears as though snows that developed over Alberta yesterday are spreading into Southern Saskatchewan and Manitoba today. They may not provide more than temporary surface moisture; however, even this is helpful as deficiencies have been greatly emphasized and subsoil conditions are rather poor.

This past week almost 4 3/4 million bu of U.S. wheat and flour were exported, and according to Broomhall since July 1st the figure totals 343.4 million bu. This is 32 1/2 million bu more than a year ago, when total exports were 402 million bu for the entire year, and as the government has set 450 million bu as the anticipated goal for the season, it appears at this rate as though it might be reached. Since the start of the crop year 112.4 million bu of corn has been shipped from this country, and this is only slightly larger than statistics showed for 1958 at this time. Oat exports have amounted to 23 million bu vs 17.6 million a year ago, and rye 8 million compared with 3.2 million at this time last year.

According to a private concern oat plantings are now pretty well completed across the major producing midwestern states, as well as in South Dakota and southern Minnesota. The exception is northeast Iowa where only half of the expected plantings are finished, and recent heavy snows and rains have left fields in a rather poor condition for seeding at this time. Here and in other areas where farmers have failed to plant this grain, acres in many cases will probably be diverted to corn or soybeans. In all areas germination of oats has been slow due to abnormally cool weather. However, in the case of early plantings progress has been quite satisfactory.

Primary receipts of wheat were 650,000 bu which compares with 749,000 bu last week and 593,000 a year ago. Kansas City and Minneapolis stocks have increased 89,000 bu so far this week. When the visible supply of wheat is posted on Monday it will compare with a decrease of 730,000 on the same date in 1958.

There has been further liquidation in May wheat this morning, and the easing in the price of this future probably influenced to some degree other markets. Corn was lower, and although the country is still not a heavy seller, receipts have been maintained at a fairly good pace and the government continues offering out of condition corn in good quantities. New crop beans in particular were lower, and this is based primarily on the talk of heavier than heretofore anticipated plantings. Prices in this commodity may also have been influenced by soybean oil which, although better today, has had a setback in price the past few days. Soybean meal was also lower during the session, and the demand for cash is not particularly heavy, and so far there has been little indication of processor shut-downs as had been discussed earlier in the week. Moisture in Canada was influential on our rye market, and prices were easier, somewhat in sympathy with Winnipeg. A government report of stocks of grain in all positions will be issued after the close of the market today.

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CHICAGO, 4 April 27, 1959

Late Friday, the government furnished the trade with figures showing stocks of grains in all positions. A total wheat supply of 1,540 million bu on April 1st was the largest of record for that date and more than a third larger than the previous year, and one-fifth larger than the previous record holdings in 1956. Corn stocks in various positions on April 1st were 2,992 million bu, also a new record for that date and 7% above a year earlier. Corn stocks had been increasing successively each year since 1952 at an average annual rate of about 200 million bu. Nevertheless the feed grain supplies, large as they are at the present time, (and this includes a record also for oats and sorghum grain) tend to indicate that disappearance has been very heavy, and we figure that 241 million more corn has been used domestically in the first six months of the season than a year ago. Grain sorghum disappearance is about 14 million bu larger, and the oat disappearance for nine months is 116 million bu greater, so that naturally this is all an offset to the huge supplies that are presently on hand. Soybean stocks of 323 million bu in all storage positions the first of this month were the largest of record for that date and were one-fourth larger than last year, which was the previous record. Here, too, we find that the disappearance has been unusually heavy but still the stock on hand is about 67 million bu more than it was at this time in 1958.

The government in its publication THE WHEAT SITUATION, released today, forecasts that we shall have a free supply of wheat on June 30th in the neighborhood of 50 million bu. The comparable figure for last year was only 27.5 million bu. Even the small increase in this year's reserve would be dangerously low except for the fact that in many parts of the Southwest, we do not have to wait until July to supplement the needed requirements, as wheat should be moving in Texas by end of May or early June, and then gradually harvesting will move northward into Oklahoma and other states. We are almost assured now of a carryover supply of about 1,285 million bu wheat, but 1,235 million bu will probably be held under support or in CCC inventory. All in all, a short supply situation may still occur for some classes and grades, but insofar as Chicago is concerned, with the amounts of red wheat that are now on hand, we see no shortage here that should cause unusual strength for the May delivery over July. Looking ahead, we have a crop prospect for winter wheat of 966 million bu as of April 1st. USDA will not make its estimate of spring wheat until June 10th. However, if the intended acreage is planted and yields equal the average of the last 3 years, spring wheat production should give us a crop of about 254 million bu. Thus total production would add up to 1,220 million bu, and if this promise is borne out we would have the fifth largest yield of record and only 17% smaller production than the all-time high of 1,462 million bu in 1958. A total crop of 1,220 million bu would still be 13% above the 1948-57 average of 1,075 million. Here again we must speculate as to how this would affect the future, and based on the same domestic usage and similar exports to this season, we would add 150 million bu to the carryover by 1960.

World wheat production in 1958-59 is estimated at a record of 8,715 million bu. Supplies of wheat remaining for export and carryover in the four principal exporting countries on April 1st totaled 2,282 million, or 371 million above a year ago, an increase of 19%. While remaining U. S. supplies are much heavier, reserves in Canada have been cut from 733 million a year ago to 635 million at present. Supplies in Argentina are slightly lower but Australia with 116 million bu has nearly twice as much on hand as the year before.

Chicago wheat stocks showed a small decline of only 26,000 bu still leaving 6.8 million bu here. The local corn stocks increased 1 1/4 million bu totaling 26.6 million. Oat stocks went down 107,000 bu, rye stocks declined 52,000 bu, and beans declined 323,000 bu still leaving 9.8 million bu here.

May wheat was very firm at the start and there was some buying which may have been against soft flour business consummated over the week-end. Later there was liquidation and the spread between May and July wheat narrowed from 11 3/8¢ to a low of 9 1/8¢. Stop loss orders were uncovered. Corn futures were quite firm early, probably due to the heavy disappearance indicated by government figures, only to be followed by selling later which caused considerable weakness. Beans were lower. We heard that Pakistan bought 1 1/2 cargoes of hard wheat via the Gulf. A few parcels of beans were sold to Japan.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 28, 1959

In February of 1955, a mild political revolution occurred in the Soviet Union, when present-day Kremlin leaders inserted themselves as heads of state at the expense of Malenkov, who had been Premier since the death of Stalin. The overthrow of this man was blamed to a large extent on the shortcomings of agriculture under the collective farm system. Russia had failed to keep pace and lagged far behind the progress of the free world. Mr. Khrushchev, the new head of state, embarked upon a series of changes, which have since taken place in the Soviet agricultural system, and the result has been increased plantings together with expanding output. Although no official figures are obtainable, the U.S. Department of Agriculture has published statistics which are considered fairly accurate and indicate that 90 million more acres have been made available for the growing of grain; a 25% increase in cattle numbers has occurred, as well as larger numbers of other livestock, with better quality of beef mainly accomplished by upping the feed output. The number of state farms in the USSR increased at the expense of collective farms, and with greater economic incentives to peasants and a larger capital investment in agriculture, the upward trend in production has been maintained at such a pace that by 1965 the Russian government boasts it will outstrip the U. S.

All this is part of a new seven-year plan, which calls for a 70% increase in farm output, but whether or not this venture will be successful nobody knows. However, there is no question that there is a vast potential, and with increased technical strides, Khrushchev's hopes may be realized. In the past year, with growing conditions considered excellent in both countries, Russia grew 2,300 million bu of wheat, far in excess of the U.S., and even though that nation has a larger population to feed, they have become more self-dependent, although they are still importing wheat from Canada.

In discussing seasonal market fluctuations, the USDA, based on past history, points to the fact that low prices for winter wheat will probably be reached in early July or maybe even late June, depending on the harvest and flow of this grain to market. The movement of spring wheat occurring later in the season will be reflected by prices in the Northwest, and following the period of large receipts, prices to growers are expected to strengthen, reflecting the influence of the support program.

Although onlyisolated reports of moisture were shown for our Northwest and Canada, the weather map shows rather unsettled conditions over the whole district and some rain might be expected during the next 24 hours. It is interesting to note that in spite of the proverbial discussions of April showers, this month is historically the driest during the 4 1/2-month growing season, so far as Canada is concerned. Thus far 1959 has been no exception.

Primary receipts of wheat were 903,000 bu compared with 752,000 bu last week and 1,604,000 bu in 1958. Kansas City and Minneapolis stocks have decreased a total of 72,000 bu so far this week. The visible supply of wheat which was posted this morning shows a decrease of 2 million bu for the week.Corn on the other hand increased almost 3 million bu and as far as Chicago is concerned free stocks in local elevators are close to 8 1/2 million bu. Although some shipments are being made from this city, country and government selling are to some degree making replacements.

Late in the session the House Agricultural Committee approved a bill partially restoring Benson's cuts in 1959 price supports for feed grains and soybeans. Their plan is to restore the soybean loan at the 1958 level of $2.09. It is our expectation that even if this bill gets through Congress, the President will veto it. The result of this announcement brought buying into new crop beans and rallies were evidenced in that commodity as well as feed grains. If this should occur even though the government would make available higher prices to oat farmers the size of the crop would not be materially affected, as in most areas ithasalready been planted. An increased support for soybeans might mean that some acres intended for corn would be planted to beans.

Liquidation prevailed most of the morning in May wheat and the spread between this future and July narrowed to about 7¢. Prices of new crop firmed as it is still too early in the season for hedging pressure and since the crop is not assured, support is logical after sharp declines.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 29, 1959

During the present marketing year it is expected that world shipments of wheat and flour will reach a figure of 1,220 million bu. This would be 3% more than the year before when the various exporting countries cleared 1,183 million bu, but it is still about 8% below the all-time record of 1,328 million bu that was recorded in 1956-57. The main reason for the expected increase in world shipments this year is that harvests in many importing countries were slightly below the year before. Also, it is a fact that the amounts of wheat for feeding purposes had increased. We recall the times at the beginning of this century when world shipments averaged only 425 million bu, but, of course, then we had only the European demand while the Orient hardly ever used wheat because of their preference for rice and other starches. The amount of wheat that went into international trade generally increased, and during the period 1925-29, average annual exports from the various surplus countries were about 780 million bu. At that time we were furnishing about 150 million bu each year, or about 19% of the total. At the present time even with the large shipments that are being made from Canada and the increases that have taken place in Southern Hemisphere countries, our proportion is, roughly, a third. Some of this, however, is being done under various government programs that are costly, and, indeed, we find cases where wheat is actually being given away or sold on basis of foreign currencies where we have to take other goods in exchange, some of which are not essentially needed.

French exports this season and the year before reflect smaller supplies available for these purposes. There is some chance that Russian exports to the free world markets may increase from 26 million bu in 1957-58 to about 40 million bu this year, following a year of heavy production. U.S. wheat shipments to India will probably be 20 million bu greater this season than last, but as an offset, Japan may take about 10 million less. We have been sending somewhat larger supplies to Brazil, possibly 16 million bu. The U. K. has also taken a little more wheat from the U. S., while the exports to Germany are static. We have effected some sales with Yugoslavia and it is now estimated that total tenders to that country will be about 11 million bu compared with only 2 million the year before. Here again there is an offset with Poland dropping to 9 million, or half as much as the season earlier.

Before our market opened this morning, there was not too much to guide it. Weather had turned mostly clear over all sections. There was no rain reported in the American Northwest, while reports from Winnipeg claim that there had not been much moisture in Western Canada overnight. On the other hand, there is slightly more optimism contained in the 5-day outlook, and one of our friends in Winnipeg advises that during the last week they did have some rain and snow in the Western Provinces of Canada. In most places this added up to between 1/4 and 1/2 inch and although this is far from adequate, it should at least furnish enough moisture to get seeding underway. Generally speaking, June rains are of greatest importance in that country, but this year we would judge that moisture will have to come in May due to subsoil deficiencies that exist.

Primary receipts of wheat amounted to 672,000 bu which was about the same as last week and just a shade less than last year. Toledo was missing in today's statistics. Kansas City and Minneapolis stocks so far this week show a total decrease of 124,000 bu.

One of the main features today was in the bean market. There was a good deal of May liquidation prior to tenders being issued. According to informed sources there is apt to be 2 million bu or more on delivery. Stop-loss orders were encountered in both May and July futures causing the weakness. Yesterday there was some buying of feed grains on talk of a House Agriculture Committee considering higher supports, but since nobody takes this very seriously there were some reactions today. The deferred wheat futures were quite firm and we are getting reports of crop deterioration in Ohio. There may also be reductions in other soft winter wheat states, which leads us to believe that purchases here against sales in Kansas City should be profitable. We are friendly to the deferred months but May wheat is still being liquidated and at one time today sold at only 6 1/2¢ over July. A House Agricultural Sub-Committee approved stop-gap legislation that would cut wheat planting allotments by 20%, and at the same time raise price supports. This could not apply to wheat crops prior to 1960. It now looks as though there may be some corn tenders on May contract.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 30, 1959

Judging from the weekly reports of wheat and flour shipments, it becomes quite apparent that our total clearances for the year will come up to the government goal of 450 million bu. This would mean that our share would be 37 1/2% of all the wheat and flour shipped into international trade channels. While the figure is quite startling, it is an established fact that in the seven years following World War II, we assumed a very important role in the exportation of wheat and during that period clearances averaged 417 million bu annually, which at that time was 46% of total world trade. However, in the previous 20 years we were exporting only 81 million bu per year on an average, although this included the drought years, and also the period during World War II when the shipment of wheat was difficult and most of our allies wanted concentrated foods, such as meat, etc. During the postwar period, there was a natural demand for American grain owing to the fact that Europe had not yet become rehabilitated, and still we did offer many inducements under the Lend-Lease Program, etc.

Important as our country has been in the world wheat trade and important as we have been as the largest producer of corn, we have never gone in very much for the production of rye. First of all, the American people have a definite preference for bread made from wheat, and, secondly, with the huge world rye production, the demand from foreign countries has never been very large. This year world rye production is estimated at 1,460 million bu, which is about the same as it was during the 5-year period, 1950-54. However, the rye production in North America last summer was only about 40 million bu, which is also an average yield. Thus it can be seen that while there is a good deal of talk about the rye crops on this Continent, we are a very small factor in comparison with the total. Even last year when we raised better than an average crop, it was offset by smaller production in Canada. In Western Europe alone they harvested about 265 million bu last summer, while in Eastern Europe under the most favorable conditions they had bumper crops, including such countries as Poland, East Germany, and Czechoslovakia. The largest producer of rye is, of course, the Soviet Union, and their production was unofficially estimated at about 650 million bu. That crop was better than usual on a reduced acreage.

Overnight weather showed some extremely light precipitation in our Northwest but mostly clear elsewhere, Unsettled conditionsprevailed over the Canadian Prairies, with some temperatures below freezing in the far north, while in Southern Saskatchewan yesterday afternoon, the thermometer rose to 70 degrees accompanied by strong westerly winds. In-between disturbances with light isolated showers occurred but no moisture of consequence was reported.

Before the opening of the market this morning, we heard of heavy tenders of wheat on May contract, and this brought enormous selling into the pit, with early prices nearly 2¢ per bu lower for the May future but the deferred months held relatively better.

According to Broomhall, shipments of wheat and flour for the past week were 6.7 million bu, and since July 1st, we have exported 352.1 million vs. 315.5 million a year ago, further confirming the statement made earlier in this letter that we shall exceed last year's clearances by quite a large margin.

Routine statistics did not count for much. More attention was paid to tenders on the various May futures. The last figure on wheat showed 3,740,000 bu to be delivered which was not unexpected, but surely as much as anyone had figured. As a consequence the spread between May wheat and July wheat narrowed to less than 5¢, which was the lowest difference on the crop. There was some buying of new crop wheat futures, probably the result of less favorable crop news from the Southwest. From Garden City, Kansas, we heard that samples of wheat taken by the State Agriculturist showed a streak of mosaic, and it was also claimed that subsoil moisture was inadequate in some sections. As for Oklahoma, the weekly crop bulletin spoke of condition declining to 69% vs 75% a week ago. Green bug infestation was reported in all districts except in east central sections. Corn prices were very firm. This market was influenced by lack of country selling, and no tenders on contract here in Chicago. Beans were barely steady, but there was some disappointment in that deliveries will be only 660,000 bu, as many in the trade had expected heavier tenders.

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CHICAGO, 4 May 1, 1959

It appears from present discussions in Congress that development of a wheat plan for 1960 will to some degree offer further acreage restrictions, and possibly at the same time higher supports. The Senate and House Agriculture Committees do not conform exactly in their ideas, but in the final analysis it would seem that with present thinking eventually a scheme might be devised for some sort of incentive plan whereby higher loan payments would be granted on basis of a reduction in acreage. The major drawback to any proposed legislation is the threat of Presidential veto, as the Administration is most interested in lower supports at this time, and although it is difficult to forecast the ultimate outcome, so far Mr. Benson has pretty much had his way, and any reinstatement of higher supports now would at best be only in the form of "stopgap" legislation. Unfortunately, too much emphasis has been placed on political considerations, and when we realize that the major trouble with our farm programs has been the accumulation of surpluses, and the high cost to the government, one can only reach the conclusion that the crux of the problem is still not being solved. There would be no objection to large appropriations if the means justified the end; in other words, if surpluses would eventually be reduced then the high cost of administering present programs could more readily be explained to the people.

This year it is estimated that federal expenses of a billion dollars must be appropriated just for the storage, interest and handling the inventory of agricultural products. 90% of all moneys spent for the wheat program is received by only half the nation's farms, and in most cases it is the larger ones that benefit. 50% of the farm families in the U.S. either do not sell price-support crops or else they grow so little that their return from the Progam is of little value. There is no question that large government outlays for agriculture help support only a small percentage of farms. For example, 58% of the cash farm income in this country is from livestock and products derived from this source, and farmers and ranchers engaged in this enterprise are no longer recipients of federal aid. Whatever new legislation is voted, regardless of acreage controls and annual federal expenditures, there must be a goal in view regarding the eventual reduction of surpluses and the costs of carrying these goods, otherwise no relief for the taxpayer is in sight.

Although therewere some widely scattered showers in some Canadian Provinces, the picture there and in our Northwest shows generally dry weather. Temperatures seem to be moderating over most of the nation and the map shows unsettled cconditions for the Central States and the Southwest with the possibility of some moisture in many areas, and maybe as much as 1/4 to 1/2 inch in the Dakotas.

There was very little in the overnight news to guide traders at the opening of the market. May wheat, lower at the start, gained favor as locals were the best buyers early in the day. The open interest decreased 4 1/4 million bu yesterday. New crop futures held fairly well earlier but a railroad company's report on conditions in the Southwest estimated that the Kansas wheat crop may approach last year's yield of 291 million bu, and the effect of this caused some selling in the Kansas City July, and also had an influence on the Chicago market. Nearby corn futures were firm as country selling continues quite light. However, the government is still a fair seller of out-of-condition corn, and country bin-site loadings remain rather heavy, as well as truck receipts, so that Lake shipments from this city will have to be heavy in order to greatly reduce stocks of this grain in Chicago. Although there were no further deliveries of soybean meal up until noon this morning, yesterday's retenders on the May contract were equal to the original tenders and this caused weakness in the nearby contract. While processors are reluctant to lower their offering price because of the present unprofitable conversion ratio, the demand for this feed has tapered off and lower cash prices have influenced the futures. Soybean deliveries have been less than expected thus far, but with the large amounts available it is possible that they might increase during the month; this, plus recent weakness in the products, has kept old crop bean futures from advancing materially.

Primary receipts of wheat amounted to 826,000 bu vs 650,000 bu last week and 759,000 last year. Kansas City and Minneapolis stocks decreased a total of 58,000 bu so far this week. When the visible supply of wheat is posted on Monday it will compare with a decrease of 2,271,000 bu in 1958.

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CHICAGO, 4 May 4, 1959

Wheat prices at the end of April ranged from 14 to 30¢ per bu below a year ago. There were several reasons, of course, for this relationship, one of which was the lowerloan level, but also, of greater importance was the much larger harvested crop, so that even with record impoundings there seemed to be enough wheat to take care of commercial interests. According to the last count 559 million bu wheat was outstanding under support or re-seal, but this still left about 236 million bu free wheat against 188 million a year ago. Of the total CCC-owned stocks of 543 million was hard winter, by far the largest, and there was 156 million bu hard spring wheat but only 3 million bu soft winter wheat. As a partial offset to the latter, we might mention that Commodity had 28 million bu white wheat, which was in competition with the soft wheat, but apparently traders are now finding that there are sufficient quantities of red wheat available, particularly in Chicago, so that with the slow export business, there seems tobe no shortagewhatsoever. In fact, deliveries since the first of the month have been made in heavy volume and the May future has lost much of its premium over new crop months.

Weather over the week-end was quite good in many sections of the country. We had some moisture in the Southwest, including many scattered points in Kansas, with heavy falls reported in parts of Nebraska, and this morning we heard from Amarillo that it had been raining hard and that there were also good showers elsewhere in the Panhandle, all of which is most pleasing, as recent complaints had spoken of dry conditions, and apparently some further deterioration might have occurred without this relief. The Santa Fe report was fairly optimistic although theysurrounded themselves with a good many qualifications. For example, in Kansas they forecast the possibility of a wheat crop coming up to last year's record per acre yield unless latent damage from freezing weather showed up in early areas, or unless serious outbreaks of streak-Mosaic occurred, or if insect populations of damaging proportions developed. They went on to say that in parts of southwestern Oklahoma, the early April rains came too late to revive the winter wheat crop, which had been severely damaged by dry weather. However, in most of the state condition of the crop was generally good. From Missouri they speak of fall-seeded crops, including winter wheat, as showing the best prospect in several years.

Altogether crop news and weather reports had a somewhat bearish impact upon the market this morning, and in beans there was very large selling by one of the big commission houses, which found the market poorly supported, with the result that May and July beans suffered sharp losses early in the day. Winnipeg wired that rain and snow were fairly general across the Southern Canadian Provinces over the week-end, but that in most cases the amount of moisture was disappointingly small, and at only a few points did it amount to 1/2 inch. The rains which were reported in our Northwest were rather disappointing in North Dakota, although somewhat better to the South. The weather map is unsettled and if the 5-day forecast is borne out, we may have improving weather within the next few days.

Chicago wheat stocks declined only 116,000 bu for the week leaving 6,760,000 bu here, the bulk of which is free. Local corn stocks increased 317,000 bu to a total of nearly 27 million bu. There was a decline of 635,000 bu in the Chicago stocks of soybeans, which left 9.1 million bu remaining in this market.

Trade was extremely light. The early weakness in the nearby bean future was followed by an advance, but volume was small, and the old crop months did not go up in sympathy with the strength in the deferred futures. There was some strength today in May wheat, and it gained on the new crop futures. Some of the later advices from Kansas were far from encouraging, with respect to crop development. It was said that wheat which previously had looked very good was beginning to fade out, and that during the past three or four days there had been a reversal in growing conditions, with more mosaic disease showing up in the plant. Not much attention was paid to this factor, however, as Kansas City futures responded very little to the news. Corn prices were very firm. The corn-hog ratio is about the same as it was last week, but considerably less favorable than last year. Country offerings are still light, and some of the bullish sentiment stems from the likelihood of heavier shipments fromChicago by water.

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CHICAGO, 4

May 5, 1959

The American housewife should find encouragement in the prospect of food buying this year, as consumer prices are expected to be lower than they were in 1958. The causes are heavier supplies and the reflection of lower farm prices. Most people continue to eat well, as the national income level remains high, and the ability to spend more income for food is greater than ever. These increases in consumption along with the constantly growing population will result in a larger utilization of food in this country than a year ago. It is quite interesting to note the statistics that govern this price pattern, especially when we realize that almost all manufactured goods cost considerably more today than they did ten years ago. At the same time, the level of commodity prices is only slightly higher than the 1947-49 average, as very large farm surpluses, particularly of food items, have helped hold down consumer costs. Since April of 1958, prices on the New York Stock Exchange are 40% higher as recorded by the industrial averages, while the level of the commodity index is practically unchanged. Industrial production can be controlled by maintaining the pace of output comparable to demand. The agricultural situation is governed by reverse factors, as cropgrowth is primarily in the hands of nature and when technical conditions improve, as they have the past few years, surplus quantities are amassed, and no amount of price-fixing can stabilize production.

Overnight reports again show that generous amounts of moisture fell over many sections of the Southwest, where recent rains have been more than sufficient for crop progress at this time. More important is the fact that quite liberal amounts came to the needy sections of our Northwest, as well as much of the wheat lands of Canada. A message from Minneapolis advises that the rains were timely and the country is elated not only with what they have had but with the forecast which indicates more to come.

With the advent of the St. Lawrence Seaway, large boats have been making their way to Chicago, and in many cases sales of corn from supplies in local elevators have been in greater amounts than would normally be the case. Some 4 million bu are scheduled to be shipped via this waterway, and the overseas rate is approximately 9¢ per bu cheaper than formerly when this grain was transported by rail to the East Coast and then loaded into ships. These activities have been reflected in the market by recent strength in nearby futures contracts. Although last year's corn crop was larger than the previous year, disappearance has been heavier, and USDA estimates that the carryover of free supplies should be only slightly larger than the 100 million bu available in October, 1958. On the other hand, if this price firmness continues, CCC is liable to supply users with their needs to a great extent. It is, therefore, difficult to look for sustained strength with over-all supplies of this grain still so large.

The estimate of the winter wheat crop compiled by a private source and released this morning reduces the figure to 933 1/2 million bu as of May 1st from the government estimate of 966 million as of April 1st. This pretty much confirms reports we have had regularly concerning conditions in the wheat belt as we note that increases are expected in Southwestern states, for example, Kansas, where 12 million bu have been added to the government projection. Some of the reports of winter kill in the red wheat areas have been confirmed as it now appears from this report as though the five soft red and white wheat states in the Chicago market area will produce about 48 million bu less than 1958, while Missouri which grows about 45% red wheat is up about 6 million bu from last year, and other eastern and southeastern soft wheat states are about 5 million bu over last year. According to this estimate Illinois, Indiana, Ohio, Michigan and Pennsylvania will raise 152 million bu compared with a crop estimate of 183 million bu by the government, and last year's total of 200 million bu.

Primary receipts of wheat amounted to 774,000 bu vs 903,000 bu last week and 1,363,000 in 1958. Kansas City and Minneapolis stocks have decreased a total of 117 million bu so far this week. The visible supply of wheat shows a decrease of 1,414,000 bu, while corn increased a little over 2 million bu. As far as Chicago stocks of free wheat are concerned, a decrease of 84,000 bu was evidenced this past week, leaving a little under 6 million bu. There are still 8.3 million bu of free corn. However, unless replacements are heavy, this figure could decline in the next few weeks as large sales have been consummated and will tend to reduce this stock. Further deliveries on the May wheat contract resulted in liquidation.

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CHICAGO, 4 May 6, 1959

The ChicagoMay wheat future, which has been subjected to liquidation the past few weeks, had temporarily paused, but a new selling wave has again prompted lower prices. At the opening of the market this morning, this old crop future sold within a cent of the season's low. It is evident from the open interest and pit observance that there has been a reduction in long positions, probably by many who had held them for some time, and in some cases new commitments were thought to have been made by traders who felt prices had reached low enough levels, at least for the time being. At any rate, it can be assumed that long positions are mostly speculative, as commercial interests, both elevators and mills, had been willing to buy cash receipts in Chicago only at carrying-charge discounts, so that they can deliver them against the May future. The circulation of deliveries among commission houses tends to confirm the fact that merchandising possibilities are slight as long as the present premium over July exists. With this the case, stocks of this grain should remain available in local supply. Of course, at a discount under July wheat, elevators would be more interested in reclaiming cash receipts and at that difference they could make a carrying-charge profit, but unless this or other outlets develop, there is little hope for the May contract retaining its present premium.

With recent reports of some damaged areas, insofar as the new crop of wheat is concerned, accumulations of soft wheat in Chicago might not be as heavy as originally anticipated. We will, however, carry over at least a good deal of the present stocks, and as additional supplies are attracted to Chicago as the harvest movement begins, it is still likely that carrying charges from July to December might widen. Further appraisals will become necessary as the season progresses, and it can be more fully determined how much red wheat will be available in accordance with the demand, and whether or not with some reductions in the size of the crop, it will be necessary to draw upon local supplies.

An unusual situation presently exists as liquidation in our May wheat has carried the price of this future to a fair discount under the Kansas City May contract. This is largely due to technical factors, as mentioned above, as far as Chicago is concerned. On the other hand, in Kansas City free wheat has been more difficult to obtain, and cash premiums for high protein varieties remain at or near the loan level. As the harvest season approaches, July wheat in Kansas City, which is already about 3¢ below its Chicago counterpart, could lose even further as hedging pressure should be felt earlier in the Southwest than in this area, and possibly to a greater degree.

Abundant amounts of moisture fell in most parts of the Northwest overnight and relief in the spring wheat areas has been beneficial; in many cases adequate for the time being. Just as important weather-wise at present is the corn belt as planting of this grain is getting underway on a general scale, and recent rains in most areas have made field conditions quite favorable for planting. Clear skies will be necessary so farmers can complete their work in the fields. Reports from our offices throughout Illinois indicate that from 30 to 75% of the corn is in the ground. The lower percentages are in sections south of Kankakee, and increase proportionately in the areas approaching St. Louis and Southern Illinois. We have also been informed that this situation has been pretty much duplicated throughout the state of Iowa, and in some few instances soybean planting has also begun and if weather stays favorable it is likely that this latter mentioned crop will be in the ground as early as at any time in previous years. With this in mind, it is quite possible that new crop beans will be available in September which has normally been the case in recent years, and, if so, it would be natural to expect September to lose its present premium over November.

The primary receipts of wheat amounted to 572,000 bu so far this week compared with 672,000 bu last week and 857,000 in 1958, with Toledo missing. Stocks of wheat in Kansas City and Minneapolis decreased a total of 281,000 bu so far this week.

According to Broomhall rainy weather over much of the European Continent has benefited crops, but in some areas sunshine would now be welcome. In general the situation remains favorable for winter and spring grains. Prospects are good for both France and Western Germany, and moderate to fairly sizable increases in acreage are expected for the next wheat crop in Australia.

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CHICAGO, 4

May 7, 1959

The five large wheat growing nations of the West, in conjunction with the United Nation's Food and Agriculture Organization, just concluded a conference for the international expansion of government-sponsored wheat shipments. The United States has had for some time a program designed to sell surplus agricultural products for foreign currency, and it is hoped that Canada, Australia, Argentina, and France through these meetings will adopt similar policies. The theme of this conference was "Food for Peace" and their aim is to increase total world utilization of wheat by assisting needy and refugee people and helping to build food reserves in areas of greatest need. Fo reign currencies received will be spent for the economic development of the respective countries in which these exchanges are consummated. While attempts will be made to reduce surplus supplies of wheat, at the same time commercial markets must be protected, and safeguard measures will have to be made so that no dumping on world markets will occur.

The U. S., Canada, Australia, and Argentina have long been considered the world's major wheat exporters. During this past crop-year, these four nations harvested 2,272 million bu of wheat, in addition to their carryover stocks of 1,580 million bu. The U.S. contributed more than half of both of these total figures. The estimated domestic requirements for this group during the season is calculated at about one billion bu, and deducting the 572 million bu exported through March 31st of this year, it appears as though substantial amounts will again be added to the total four-nation carryover at the end of the crop-year. With this the case, it will be necessary, especially insofar as the U.S. and Canada are concerned, to try to promote further means of disposing of excess quantities of this grain in a beneficial manner without interfering with normal export channels.

There was very little in the overnight news to guide markets at the opening of the session this morning. Wheat tenders continue to circulate, as an additional 872,000 bu was delivered on the May contract yesterday. Although more moisture has been received in our Northwest and in Canada, the weather map seems to be clearing, and prospects appear sunny for most of the nation the next few days. This should benefit farmers in progressing withtheir corn planting, and if clear weather prevails, most of this seed should be in the ground in the main sections of the corn belt within the next week. After that farmers will be able to devote their attention to the planting of soybeans. A good demand in the Southwest for protein varieties of wheat continues at a fairly good pace but ordinary grades are not as much sought after in view of the premium for Kansas City May over Chicago. The Southwestern Miller states, however, that small amounts of wheat have been sold by farmers to country elevators in Kansas and adjoining states. The export flour demand has fallen off after the heavy volume of the past week or so, and there is very little else in the export picture at this time, although some hard wheat was sold to Colombia yesterday, and India is reported to have bought 2 cargoes of white wheat out of the Atlantic for June shipment.

Primary receipts of wheat totaled 984,000 bu compared with 857,000 bu last week and 1,048,000 a year ago. Kansas City and Minneapolis stocks have decreased a total of 432,000 bu so far this week.

There was some commission house selling in May wheat at the opening probably as a result of longs having taken delivery. New crop months tended to be a little firm in comparison. It is still a good month before much hedging pressure can be expected and prices may have been depressed recently partly as a result of liquidation in the May contract. Following early strength in corn, the May future was subjected to liquidation and there had been some talk that there might be some deliveries of this cereal, especially in lieu of the fact that in spite of heavy shipments from the city, stocks have thus far been pretty much replaced. The country is still not a large seller. The spot market remains at about 4 over July, but the government constantly sells fairly good quantities of bin site corn. With planting activity expected to continue at high gear in the coming weeks as long as weather stays fair, it is reasonable to expect some speculative pressure on new crop corn and beans as there are expectations of a large crop, especially of the former grain , which is apt to have an influence on prices. Local buying rallied May wheat, but bulges did not hold. New crop months finally were a little lower. May rye was sharply lower.

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CHICAGO, 4 May 8, 1959

There was little in the overnight news, and markets were generally unchanged at the opening. May wheat, although unable to hold its full rally yesterday, did gain on the July, as some spreading developed probably in the form of profit-taking by traders who were short May and long July. Merchandising possibilities are minimum and as long as May retains the present premium, commercial interests show an indifference toward the old crop future. More favorable weather in the Northwest this past week has helped ease nervousness regarding the spring wheat crop and the July contract was subjected to moderate liquidation. Since there will be no real hedging pressure even from the Southwest for at least a month, new crop futures possibly will encounter some support at these levels.

The corn picture remains difficult to determine. Prices to farmers are still well above the support except for compliance producers who are a small minority; otherwise, the loan is not as attractive as ordinarily and it is surprising that country offerings have not been on a broader scale. Rail receipts are not heavy except in the case of CCC binsite corn, which continues moving to market in an orderly fashion. Truck and barge receipts have been heavier and, as far as Chicago is concerned, have greatly helped to replenish supplies earmarked for export. No one knows exactly how much of the local contract stocks have been committed for overseas shipment, but it is fair to assume the figure could easily reach 6 million bu. Even so, equal replacements could reverse the recent strength in the market, and it is still likely that some deliveries might be tendered before the expiration of the May.

Fair weather is expected over most of the corn and soybean belts for the next few days, and if these two crops are satisfactorily planted, the growing season will certainly be off to an early start. Soil conditions have been reported at least satisfactory in most areas, and markets will be sensitive to estimates as the season progresses. Old crop soybeans, especially the May, have been quite firm, and it is a bit unusual that this future is now at a premium over the July, as there are still over 8 million bu of free stocks in Chicago. There have been, however, only small deliveries, and there is apparently a holding tendency by at least some of the elevator interests. Country prices in Illinois are around the same level, as the eventual announced government selling price of $2.21 on the impounded beans that they will take over.

Whether or not the present premium for May rye will be maintained is doubtful. There have been only a few deliveries on the May contract, but there are less than 800,000 bu in the Chicago stocks. The open interest is under 4 1/2 million bu, and unless a commercial demand develops, some elevator men think there is little reason for the present 15¢ premium over July. Recent rains in the northern sections of the country have certainly benefited crop prospects, but it is doubtful, based on the present trading difference with Winnipeg, whether any shipments of this Canadian grain to Chicago will be warranted.

Although deliveries of soybean meal continue circulating, there was considerable strength in this market today, particularly the nearbys. One large Decatur processor closed down the beginning of the week, but this was known, and today's buying of meal was mostly in the nature of short covering. Cash prices are a little better. There was an additional 862,000 bu of wheat tendered on the May contract yesterday, with commission houses the most active in both deliveries and receipts.

Primary receipts of wheat totaled 715,000 bu compared with 826,000 bu last week and 882,000 bu a year ago. Kansas City and Minneapolis wheat stocks decreased a total of 492,000 bu this week. When the wheat visible is posted on Monday it will compare with a decrease of 722,000 bu last year.

A private crop summary issued by Quaker Oats Co. pretty much confirms conditions governing wheat as reported of late. The southwestern crop appears good to excellent in most sections except possibly the Texas Panhandle, and rains the past two days in that area have improved the outlook. They also confirm the fact that there has been some winter kill in the central soft wheat producing states, and in some spots a fairly large acreage has been plowed up and is being put to other crops.

An additional wave of selling late in the session broke May wheat, and a new crop low was registered.

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CHICAGO, 4

May 11, 1959

Weather over the week-end was very favorable. There was additional moisture in the Southwest, with more than an inch reported at several stations, while at the same time we had good precipitation over the corn belt. Rains in the spring wheat areas were not particularly heavy but added to the rains of last week will surely do some good. In Canada there were rains in Northern Alberta over the week-end, and showers across parts of Northern Saskatchewan, as well as good rains in Eastern Manitoba.

This writer spent several days in Canada last week. New crop prospects have taken a distinct turn for the better, following a prolonged period of drought. Several spring storms passed across the West last week, bringing snow to the higher altitudes of Alberta and West Saskatchewan, while rains were received farther east. Practically every district now seems to have enough moisture for germination of the seed grain. The precipitation was heaviest in Alberta, in Central and Northern Saskatchewan, and in Central and Eastern Manitoba. While topsoil moisture is generally improved, it remains a fact that low reserve moisture supplies still persist over large central and southern areas of all three Provinces. This means that they will have to experience frequent heavy rains to replenish the subsoil moisture before the new crop reaches its peak requirements a few months ahead. It is, of course, encouraging that unsettled conditions have prevailed again over the past day or two so that one can at least feel more hopeful.

The cool weather which existed until Friday noon has slowed down seeding operations, and it takes about two weeks to seed the bulk of the Western grain lands, so that time is an important factor. Meanwhile, they tell us that weed growth has been pretty much retarded by low temperatures, but if seeding is not hastened, the lack of spring-weed kill may nowhave some unfavorable effects later on. Probably not more than 10 or 15% of seeding has been accomplished thus far, so that at this time there are some worrisome delays, particularly if they should get a lot of moisture. The people in Winnipeg have also told us that many of the ocean-going vessels are not too well adapted to the canals and to the existing elevator loading facilities. Some of these handicaps undoubtedly will be corrected in time, but at present they are intensifying the tightness in lake freights and adding to the difficulties of putting grain into sales position. It is generally claimed that feed grains have suffered more than wheat. Some of these troubles have hindered the arrival of grain in contract position and the return of vessels for succeeding cargoes, which has created general confusion and a good deal of nervousness on part of shippers.

Chicago wheat stocks increased 190,000 bu during the week, to a total of nearly 7 million bu. May wheat had been weak before this figure was posted, but it did cause some selling, with the result that late in the day the nearby future went to another new low on the crop, although this had only a passing influence on new-crop months in spite of the rain. Flour business was slightly improved, and we understand that some CSS awards arebeing made for tomorrow's acceptance. – Chicago corn stocks increased 283,000 bu to a total of 27 1/4 million bu. There apparently has been some discrepancy in the way CCC had reported its holdings here, and the net result we think will be that there is less free grain in the Chicago stocks than had been previously reported. This had some influence on corn futures, particularly the May, in view of the large quantities that may still be moved from here by water to take care of previously made sales.

The Baldwin Elevator report spoke of corn plantings that had reached a figure of 45 to 55% in Illinois as of Saturday evening. After the work is completed farmers will start rapidly sowing beans. The government report to be issued after the close of the market tonight will estimate winter wheat production and the acreage remaining for harvest. Some reduction in yield from last month is possible. Also a condition figure of rye will be given. Rye futures were weak, probably influenced by some liquidation of the May contract, and Winnipeg prices also declined. Beans were quite strong, although best prices for the May did not hold, and apparently earlier tenders were not sufficient to take care of the local demand. – New-crop months were also higher. It remains to be seen whether the acreage will be as big as had been earlier contemplated. Export business was generally quiet but Japan bought 1/4 cargo of soybeans for June shipment.

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CHICAGO, 4 May 12, 1958

The government report issued after the close of the market yesterday estimated winter wheat production at 957 million bu. This was a decline of about 1% during April, and it appears that a cool, dry month over extensive areas held back plant growth, but at the same time favored farming operations. The crop is 19% less than last year's banner production, but should, nevertheless, turn out 17% higher than average. Thus it can be said that prospects are good, by most comparisons, with the indicated yield per acre exceeded only by last year's record-smashing volume. Abandonment is said to be nearly 10%, or almost double what it was a year ago.

Next month we shall have the first estimate of the spring wheat crop, and a yield of about 254 million bu is likely to be given at that time under normal weather conditions. Farmers have learned to combat weather conditions to quite an extent. Taking, for example, Ford county, Kansas, which is a typical area, it is estimated that the irrigated land will produce 27 bu to the acre. In sections where farmers depend on normal rainfall but summer-fallow their ground, it is estimated that production will average 18.2 bu per acre. On the other hand, where continuous cropping is employed, the yield will be only 13 bu to the acre; thus there is a great variance between these farming methods. In another county: namely, Scott, irrigated land is likely to produce 26.3 bu to the acre, summer-fallowed land 17.6, while stubble land will raise a crop of only 11.4 bu.

The same advantages that have been learned here apply also to wheat farming in Canada. In 1958, Canada's Prairie Provinces had an average return of 18.8 bu per acre on summer-fallowed land, which compared with only 10.7 bu per acre on stubble land. Farmers have apparently been fully aware of this situation, and last season 77% of the wheat was grown on summer-fallow whereas in the early 1920's only 45% of the wheat acreage was treated in this manner. The same results were found to be true in the case of oats, which yielded 40.9 bu per acre on summer-fallow contrasted with 27.3 bu on stubble. The comparable figures for barley were 30.5 and 20.6 bu. We do not have the figures for flaxseed, but understand that the same general conditions prevailed.

The U. S. rye crop has a condition of 84% of normal, which was a drop of 8 percentage points from the year before and was 2 points under average. However, with recent rains that have been experienced, possibly a little recovery may be noted in the June report. The weather pattern for rye was spotted during the month, and there were declines in some of the more important producing states, although offset by gains elsewhere. For example, some deterioration was noted in the Dakotas and Minnesota, while conditions were unchanged or improved in Nebraska, Kansas, Oklahoma, and Washington.

Referring again to wheat, yesterday's report indicated that the seven states from Illinois to the east had a prospect for raising 176.8 million bu compared with 211.2 million last year. Now if we add the soft wheat states along the Atlantic Coast, as well as the states southeast, including Delta areas as well as Missouri, the total is 266.6 million bu vs 289.7 million last year. This confirms pretty much previous estimates of the reduction in the soft winter wheat area, which leads us to believe that Chicago futures should remain relatively stronger than those at Kansas City.

Primary receipts of wheat were 886,000 bu, a little more than last week, but compared with 1.2 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 354,000 bu. The wheat visible decreased 2.6 million bu, corn increased by about the same amount, and the visible of beans declineda little over 1 million bu.

New-crop wheat futures were quite strong, and there was practically no rain in the Northwest, nor is much expected. In Canada, they had strong, gusty winds and some dust. Apparently they are going to need a good deal of rain all through the season. Due to the fact that CCC has made some corrections in reporting their corn holdings, we only have bout 6 3/4 million bu free corn here in Chicago, but in spite of the heavy outward movement Chicago stocks showed a small increase for the week. Truck and barge arrivals seem to be keeping up fairly well. Flour business was rather poor, and not much was heard in export circles. Old-crop beans were firm early and the oil market was again higher. New beans sold off a little and finally influenced nearby months.

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CHICAGO, 4 May 13,1959

There is an old adage that when corn is scarce farmers tend to feed their hogs with a spoon, and when plentiful, with a shovel. This theory that large production stimulates large usage describes conditions this past year, not only regarding feed grains, but also wheat and soybeans, as these crops were the largest ever produced. By the same token, disappearance was accordingly of record proportions. Even though the 1958 corn crop included more bushels than any other in the history of the country, consumption has been well above last year, and it is likely that the carryover in October will be little or no greater than the preceding year. Though the increased numbers of cattle, pigs and broiler chickens will contribute to utilization of this grain, feeding has been on a heavier scale, and since supplies are readily available, farmers have been willing to fatten their animals by giving them larger amounts of corn and other feed grains.

Although the domestic consumption of wheat has been about in line with previous years, exports have been sizably larger than the preceding year. No parallel can be drawn with feed grains, but it is true, nevertheless, that with large amounts of wheat on hand as a result of the record-sized crop, foreign shipments have been stimulated especially in the case of the government Surplus Disposal Programs, so that reductions in total U.S. supplies are more than might otherwise have been the case. So far this year, wheat and flour exports have been maintained at a rate 11% ahead of the year before, and it is interesting to note in passing that this gain is primarily attributed to India, which has increased imports from this country by 44% over 1958, as well as Yugoslavia and Brazil, which also took more than usual.

Last year's soybean crop of 575 million bu, the largest of record, will result in a greater carryover this fall than at any other previous time. It will, however, be smaller than was earlier expected, as crushings were up 19% from October to March as the result of a heavy feeding demand for meal. At the same time exports have been maintained at a greater pace, and total shipments for this crop year are now expected to reach the 100 million-bu mark, up 15 million bu from the preceding crop. This figure, together with the some 400 million bu anticipated for domestic crush, as well as the amount set aside for seed, will mean a total soybean usage between 525 to 550 million bu, so that the carryover on the 1st of October should be in the neighborhood of 60 to 75 million bu. If next year's crop is around 500 million bu, a much closer adjustment in the 1960 carryover might be made. The American Soybean Association says that weather conditions so far have not favored the shift of any large acreage from other crops into soybeans, as happens in some years, and if anything, the opposite has occurred. Actually, a favorable spring planting season has allowed farmers to set aside a greater number of acres for corn, and it is possible that there will be a decrease in the 1959 soybean acreage below the USDA March planting intention report.

The estimates regarding smaller acreage planted to soybeans has caused some strength in the new-crop futures, and prices were as much as 1¢ per bu higher in spite of the fact that May and July were lower. The first corn to be tendered on the May contract was announced on the noon deliveries today, -- the total was 195,000 bu. Shipments continue from local stocks, and it appears as though demand for any future deliveries should also be quite good. The Illinois weekly crop bulletin states that corn planting is about 35% completed, and farmers have about 15% of the soybean crop in the ground. Some wide-spread rains over the state of Iowa the past week have caused some delays. However, about 15% of the corn acreage in that state has been planted, and soybeans are being seeded in a few areas.

The House Agriculture Committee approved a bill to reduce surplus wheat production by slashing allotments 30%, while at the same time raising price supports 20% over the next two year period. Although this would have no effect on this year's crop, wheat futures in Chicago reacted somewhat sympathetically, and firmed as a result. The May contract was higher throughout most of the session, probably due mainly to profit-taking by shorts. The open interest is now a little over 9 million bu.

Primary receipts of wheat were 595,000 bu vs 572,000 bu last week and 649,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 586,000 bu.

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CHICAGO, 4 May 14, 1959

Many agricultural bills have been coming up during the past fortnight, but it still seems doubtful whether the President will approve measures that have thus far been recommended. It is a fact that in our economy today, producers of cattle, hogs, poultry, fruits, vegetables, and various other products, which are not price-supported or controlled, have had the benefit of growing markets. Probably the best example of this is livestock and it can safely be said that the average U.S. consumer last year ate about 50% more beef, about twice as much chicken, and 2 1/2 times as much turkey as he did twenty years earlier. In contrast to this, we have had high supports for wheat, corn, and a number of other items. It may not be entirely true to say that the diet of the American people for selected products has gone down entirely because of these high supports. Surely, living in an era of prosperity, the diet of our people has improved, and there has been a desire for greater delicacies. The fact is, however, that the per capita consumption of wheat cereals is now about 15% less, and the per capita consumption of wheat flour is 26% less than it was twenty years ago.

It might also be stated that because of high prices for cotton and the introduction of synthetic fibers, per capita use of cotton last year was the lowest in twenty years. The net result of all this is that so-called basic crops, which have depended the most on supports and controls, are in greater trouble than any of our agricultural products. Fortunately, we have had a huge increase in population, and probably the per capita consumption of bread will show some improvement in years ahead, but still it may be a long time before we can use domestically much more than 650 to 700 million bu of wheat owing to the fact that feeding is no longer a strong possibility when we raise such tremendous crops of corn and other feed grains as are now indicated.

For the past week or more, new crop wheat futures had been rather firm. Some of this may be attributed to the belief that we are going to need quite a little moisture in our Northwest and in Canada during the growing season to make up for subsoil deficiencies that occurred because of previous drought. On the other hand, there are some in the trade who strongly feel that producers will be extremely reluctant to sell their wheat next summer at any material discount below the loan rate. Both here and at Kansas City, the gross loan will be $2.12 at a minimum, and the new loan after deducting storage and handling charges will be just under $2.00. As long as July wheat is selling at around $1.87 per bu, with the market at Kansas City even cheaper, there is no assurance that the early pressure following the harvest will be heavy enough to cause much of a load on futures. We must also take into account that while the carryover reserve of wheat on July 1st will probably be 1,285 million bu, or a record for all-time, it is not likely that there will be more than 50 million bu free wheat in the reserve, which probably means that we shall be just as dependent upon the new crop as though our carryover had been much smaller. Here in Chicago we may have fair amounts of red wheat at the start of the new crop, and to the extent that the Kansas City market will start off with small reserves, there is a slight difference between the two positions. This has been registered to some extent in the price relationships, as lately with the heavy liquidation in May wheat here in Chicago, where there was a drop of about 25¢ per bu, Kansas City declined only one-fifth as much, the latter being attributable to scarcity of free wheat and even now there is not much coming forward from first hands.

Primary receipts of wheat were light at only 617,000 bu which compared with 984,000 bu last week and 533,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 680,000 bu.

Wheat prices were firm early, but late in the session there was some selling in the May delivery which caused reactions all around. There was no important export business except two cargoes sold via the Pacific Coast. On the other hand, flour business was almost at a standstill. There is no forecast for any appreciable amount of moisture either in our Northwest or in Canada. Broomhall claims shipments of wheat and flour since the beginning of the season are 34 million bu greater than last year. Corn was without much feature and the market was a shade lower. Beans were firm early, but best prices did not hold. May rye weakened but this had no influence on later months. Beans received support on breaks.

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CHICAGO, 4 May 15, 1959

Some enterprising citizens are taking advantage of the government farm program in a most unique and ingenious manner. It seems that state-owned land in the Southwest has been rented for as little as 25¢ per acre and placed in the Soil Bank Program, which means that the lessee is entitled to some $9.00 per acre of taxpayer's money in return. This means that a substantial profit is involved for doing nothing more than letting this land sit idle. Once again, the inadequacies of the agricultural system are exemplified in easily understandable terms. It is important that an attempt be made to establish a formula to lessen the government cost of agriculture, reduce weighty surpluses, and return the industry to farmers. This is necessary but any attempt to do so should be realistic and equitable, not only as far as landowners themselves are concerned, but in addition, so advantage will not be taken of the taxpaying public. There are 4.7 million farms in the United States, and of this total 2 million produce 90% of the entire agricultural output. Billions of dollars have been spent to stimulate production from these farms. The rest receive practically no benefits at all, and it is this encouragement to the 90% group that has caused the excess production, and high costs that have brought about the present farm predicament. These revealing facts become even more frustrating when we see present discussions in Washington falter and realize that probably no alterations in the system will be made in the near future.

The Canadian Telegraphic Report states that cold, unsettled weather has hampered seeding over wide areas of the Prairie Provinces. In some instances, heavy rainfall has delayed the progress of farmers. However, this moisture has generally made satisfactory conditions for germination, though more will be necessary during the growing season as subsoil deficiencies have existed over the area. As a whole wheat seeding is from 1/4 to 1/2 completed, and in many cases coarse grain planting has been started. The forecast indicates a warming tendency with dry weather for most of the Prairies, and this will be helpful for the continuance of the wheat planting.

In this country, the weather was clear over most sections of the Grain Belt, although a few northwestern areas reported some very small amounts of moisture. There were also a few slight rains in the Southwest, and clear but cold weather is being experienced over much of the Corn Belt.

There was little in the overnight news to stimulate trade this morning, and much of the activity is now confined to the expiring contracts. Wednesday of next week will be the last day of trade for the May delivery. As far as wheat is concerned, liquidation persists. There are some reports from the Southwest that country offerings have increased slightly, as it does not appear as though there will be any late season tightness. These sales are in most part from elevator stocks, and there are even some reports of the first truck lots of new crop wheat in southern sections of Texas coming to market. Although the size of our rye crop undoubtedly will be smaller than in 1958, and prices may do better later on, at present there is little commercial demand for the small stocks of this grain in Chicago, and the present premium for the old crop futures has lessened, and unless this May future receives sudden interest, it is likely that this trend will continue. However, following its expiration it is possible that July and other new crop months might do a little better.

Late in the session May corn began to firm, and went to a slight premium over July as buying orders met with small resistance. Though deliveries thus far have been stopped by scattered commission house interests, it is thought that the majority of the elevator stocks in Chicago are committed for export, and unless replenished will diminish the free supply, as shipments from the city are made. Although deliveries of soybeans on the May contract were not heavy last night, they continue falling into hands of the same interest, who apparently wants to retain ownership. As a result, this commodity was generally higher, although trade was certainly not heavy. New crop months were firm, and reports from central Illinois are that about 25 to 35% of the crop has been planted.

Primary receipts of wheat amounted to 688,000 bu vs 715,000 bu last week, and 816,000 bu last year. Kansas City and Minneapolis stocks so far this week have decreased over 1 million bu. When the wheat visible is posted on Monday it will compare with a decrease of 3,789,000 bu in 1958.

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CHICAGO, 4 May 18, 1959

It is still a rather moot question whether we shall have any farm legislation during the present session of Congress. The House Agricultural Committee reported out a bill, which we feel sure the Chief Executive willnot like. It would reduce the minimum wheat acreage from 55 million acres to only 38.5 million acres, which is certainly a drastic slash. Probably a factor that would cause more concern would be the supports by the Committee bill being raised to 90% of parity, upping the level from the present 75%.

One of our greatest luxuries in this country is our capacity to feed our crops to animals and then eat the animal products, such as meat, cheese, and milk. In terms of land, this is an extremely expensive program, but by the same token it is extremely good in terms of nutrition. In large measure it contributes to our good health. If an average citizen were served a meat course at dinner, the amount of feed grain that went into that portion would have given him seven times as much in the form of grain. Putting it in another way, if we devoted all of our land to cereal crops, such as corn, wheat, rye, or rice, we could feed 500 to 600 million people in this country, which would be almost as many as there are in China. Instead of this we convert 72% of our crop harvest to livestock products. This is something which obviously the densely populated peoples of the Far Eastern countries could not afford to do. The result is that in terms of world population, the hungry masses are in many instances undernourished even though they may not necessarily be underfed. The big difference between the typical American or Western European diet and that of a Korean or the Chinese is that the former receives in his diet much more meat, eggs and dairy products, which contain tissue-building proteins so essential to health. In contrast to this, most of the world's peoples get a much higher percentage of the energy-giving starches than we do. These include such things as rice, wheat, rye, and potatoes, which are essentially foods that fill the stomach and keep people going but which contribute relatively little to muscle and tissue growth.

Before our market opened, there had been some good rains reported in the Southwest, the heaviest being concentrated in eastern Kansas. Rains also fell in parts of the corn belt, particularly heavy around Springfield, Illinois, and St. Louis, Missouri. Precipitation in our Northwest was very light, although the 5-day forecast anticipates moderate moisture, and this in our opinion will be required frequently because of subsoil deficiencies which exist. In Canada, the situation is reasonably good for the Provinces of Manitoba and Alberta, but the northeastern half of Saskatchewan and some other areas of that Province are in less favorable condition, although they seem to have sufficient moisture now to get the seed into the ground and possibly germinated. There is still a large area in Central and Southern Saskatchewan, where in spite of the moisture that occurred during the last few weeks, it is still very dry, and conditions in those areas are still very critical with the result that regular and timely rains will be needed all during the growing season.

Chicago wheat stocks showed a decrease of 231,000 bu for the week, but this still leaves about 6.7 million bu here. Local corn stocks decreased 185,000, which leaves over 27 million bu in Chicago, but the amount of free corn is relatively small, particularly considering the large quantities sold which will go out. Rye stocks, including the amount in bond, show a total position here of 824,000 bu. Beans decreased 597,000 bu, which leaves 8 1/4 million bu in Chicago.

Wheat was rather firm early, and while the Baldwin report spoke of some crop improvement in Illinois, we also heard there were some complaints from central and northwestern Kansas about mosaic disease. May wheat was relatively a little stronger than the deferred months on short covering. There were some CSS awards on 909,000 cwt's of flour. However, the demand for bakery flour was rather slack over the weekend, and there seems no promise of improvement. Corn prices were higher with shorts and local professionals buying the May future. There are only two more days to go before the expiration of the May contracts. Soybean prices were mostly firm, but there was no special feature to this commodity. Apparently planting operations are going ahead quite satisfactorily, but possibly on a smaller acreage than earlier expected. May rye was a little weaker. There is still an open interest of 3 1/2 million bu, which is large.

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CHICAGO, 4 May 19, 1959

While perusing some rather old files, attention was focused on a survey published by Stanford University in 1938, which contained an interesting revelation. Up to that date this source revealed without exception that any time 150 million bu or more of wheat had been available for carryover on July 1st, then the May future in Chicago had sold at a discount under July. Of course, times now are quite changed, especially when it is considered that in spite of excessively larger carryovers last year and this, two entirely opposite market situations have existed. In 1958, the May contract expired at a premium of some 45¢ per bu over July, part of which was due to a lower loan, whereas it now appears as though the May future this year may sell at a discount under the new crop month. The old laws of supply and demand, on which the Stanford economists made their statistical analysis twenty years ago no longer exist. Quantity has less meaning today; instead it is a question of distribution and ownership. The fact that a comparatively small amount of wheat has continued to circulate in the open market has caused normal factors to govern, whereas a year ago the government control of almost the entire supply caused what probably might be termed a natural market corner. The history of economics is being rewritten when artificial conditions to this varying degree are at work.

There was moisture in varying amounts over wide areas of the grain belt the past 24 hours, and the weather map still shows unsettled conditions, so that more might be expected. Relief was received in the Northwest, as there were some showers, though in some spots they were little more than a trace. The Corn Belt received generous amounts of rain, especially in sections of Iowa and Nebraska and where corn is planted this will be very helpful. There are still some farmers who do not have their seed in the ground, and delays will be experienced here, as well as in the case of soybeans, where wet conditions will delay planting of this grain. Although corn is in the ground in many areas, activity in soybeans is just getting under way. Clear weather will be necessary for farmers to complete field work in this crop.

Strength developed yesterday in old crop corn as country selling had been practically nil, and Chicago receipts have diminished somewhat. A report from downstate Illinois claims that CCC at a recent meeting stated that they would soon be near the end of their binsite corn selling as much of their stocks have already been put on the market in preparation for take-over of the 1958 crop. This along with sales of Chicago stocks for export could continue to give a firm undertone to this market, and many cash men feel that with this the case tightness might continue in the May future through expiration tomorrow, depending on further elevator demand for this grain.

Markets were quiet during most of the session with interest in the May contracts, which expire tomorrow. Wheat in Chicago was lower, while the May - future in Kansas City remains quite firm as the commercial demand in the Southwest is good, and there is very little hard wheat available in the free supply. There are still over 4 million bu red wheat in Chicago and it is to be seen who will eventually become the owners, as merchandising possibilities from this market are rather poor, it is doubtful whether elevators will want to own this wheat unless they can do so at a discount, which would permit them to carry it until July. The cost of doing so would be close to 3 1/2¢ per bu. May rye was higher most of the session as commission house buying set off stop-loss orders, and it is believed that this was mostly in the form of short covering. Considering the fact that there are only 1/2 million bu in the deliverable stocks, the large open interest, in excess of 3 million bu, might cause fair fluctuations again tomorrow.

Primary receipts of wheat amounted to 1,137,000 bu compared with 886,000 bu last week and 1,009,000 bu in 1958. Kansas City and Minneapolis stocks have decreased a total of 24,000 bu so far this week.

Secretary Benson has again reiterated that he wants no part of a wheat bill which would cut acreage by 30% and raise price supports to 90% of parity. He still hopes that Congress will work out a form of acreage control and at the same time lower supports considerably.

Free stocks of Chicago corn decreased 436,000 bu during the week, leaving a total of 6,352,000 bu. Free stocks of wheat decreased 176,000 bu, leaving 5,783,000 bu.

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CHICAGO, 4 May 20,1959

On April 7th, May wheat closed at $2.10 1/2. At that time it was commanding a premium of 21¢ per bu over July. In our closing letter of that date, we warned longs in May wheat of the inherent danger ahead. We mentioned the fact that the very close adjustment between demand and free supply might be relieved and that we must not overlook the fact that production last summer was the highest ever reached. We called attention at that time that there was a large concentrated holding in our May wheat, which should not be ignored, but we went on to say: "However, if any group stands for delivery on the May contract with the hope that, together with the holdings acquired in March, prices will respond to the tightness thus created, it must be borne in mind that unless there is a commensurate demand for such grain during June, these supplies will have to be carried into the new crop and thus compete with cheaper offerings when new wheat is available."

Ever since then our convictions strengthened on the point that it would be more and more difficult to maintain the price of old crop wheat here in Chicago, unless or until there was an improved demand for red wheat, which failed to develop as long as there was a premium of May over July. Thus we have had not only a sharp break in the market for the old crop delivery, but it also lost its premium over the new crop futures, which was not unexpected to us under conditions that prevailed. Apparently supply and demand factors brought about this automatic adjustment and dissuaded people from taking supplies from here as had been the case before old wheat had gone so far out of line with later positions.-

There was not too much grain news overnight. Reports from Iowa indicate that plantings of corn and soybeans for the state as a whole are now considerably behind those of last year, and also, are lagging behind average. Here in Illinois, corn planting is nearly 65% developed, which is also a little slower progress than a year ago, but still somewhat ahead of the 5-year average. Soybean sowings are said to be about 30% completed. Wheat in this state is progressing and is good in most areas. However, some winter damage has become evident in the northeast and stands are thin in parts of southeastern districts. Oats on the other hand have been aided by cool weather and rain during the past week. In Canada, particularly the Western Provinces, weather is favorable for seeding but temperatures are so low that the emergence of wheat is slow. In our Northwest, we had traces of rain in a few spots to as much as 1.36 inches at Rochester, Minnesota. However, it will still take a good soaker to bring about a more favorable outlook. The weekly government crop report was not too encouraging yesterday, and they even use the expression "rather gloomy" with respect to limited moisture supplies northwest which had dwindled. This situation, however, pertained mostly to farmers in the so-called Northern interior region. However, it encompasses an area which is a large producer of barley and rye, and also a substantial producer of oats.

According to Broomhall, European conditions are largely satisfactory, but on the dry side recently, with a number of countries starting to need moisture. There is no concern, however, if timely rains are received.

Primary receipts of wheat were 746,000 bu which compared with 595,000 bu last week, and 574,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 270,000 bu. The open interest sheet showed a very large interest going into the market this morning, with still 4.8 million bu wheat open, 3.3 million bu corn, nearly 2 million bu oats, 2.6 million bu rye, and 3.3 million bu of beans. Thus , it was a foregone conclusion that there would be a good deal of evening up by those who either did not wish to take delivery or were not in a position to tender.

There was a very heavy trade during the last fifteen or twenty minutes of the session. Wheat ended weak, which was no surprise to us, and it lost about 2 7¢ per bu on the July since early April, indicating that elevators were only willing to take their receipts back at a good discount. Rye also ended weak for the May future, although it closed at a premium over the July, but with only small stocks here in Chicago, this did not upset calculations. May oats ended strong, and May corn was also firm. Naturally the deferred months were all much effected by the action of the expiring months. Starting tomorrow we shall probably have a re-assessment of values based more on crop and weather conditions, and also general demand.

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CHICAGO, 4 May 21, 1959

Today marks the 75th Birthday of the Statue of Liberty. It should act as a reminder that we in America must remain free and strong economically, socially, and above all, spiritually, so that our way of life may endure. We hope that the trend in agriculture will be toward more freedom and liberty, with fewer restrictions, so that producers will be able again to devote their energies to the land they love and sow their seed to whatever grain they wish without being controlled from Washington under a system of allotments, marketing quotas, etc.

This is not to say that agriculture as a whole has suffered financially. Last year, farm production was at a record high; so were gross and per capita farm incomes. Farm ownership was also at a record high, and net equities of farmers are now said to be over $177 billion, which is an increase of about $57 billion since 1950. The standard of living on farms is at a record high and continues to increase. On the other hand, whenever a generalization of this kind is made, it does not take into account all those engaged in the industry. Actually, half of our farms have gross incomes of under $2, 500 a year, and to them it makes little difference whether the support level is a little higher or a little lower. They will still find it difficult to make a good living. For those who are engaged in commercial farming, we must try to encourage their efforts. There are about 2 million such farms in the country, but we cannot afford to continue piling up surpluses without finally meeting with disaster. Already about 40% of the net farm income is from nonfarm sources, and we would predict that farm families on small or low income units will continue toturn to even a greater extent to off-farm employment for supplementary income.

With technological development, we have great faith in the future of agriculture, and in the ability of our producers to prosper. For the nation as a whole an average acre that produced 28 bu of corn in 1940 produced 52 bu last year, or nearly double. An average acre that produced about 15 bu of wheat in 1940 produced 27 bu last year, also an increase of nearly 100%. An average acre that produced about 250 lbs of cotton lint in 1940 produced 469 lbs last year, nearly double. Thus it is obvious that the old parity formula is built on a false premise, and we need an entirely new concept of thinking in view of the great strides that have been made.

Following the erratic swings of yesterday as May contracts expired, there was a comparative calm this morning, and attention was again paid to routine matters. The weather map had been quite unsettled and there were heavy rains over parts of the corn belt, which will undoubtedly delay seeding operations in some areas, but at the same time it is most favorable for that part of the crop already in the ground. There was some moisture in the Northwest with over half an inch of rain in the Twin Cities, but not much relief yet for North Dakota, nor is heavy precipitation expected for that state. Seeding in Western Canada is making rapid progress but germination is slow because of cool weather and the need for moisture in that country is becoming more apparent.

The Census report showed crushings of 34 1/2 million bu for April, which was a decrease of 1 1/2 million from the month earlier but was still 3 million greater than last year. Processors have 61. 5 million bu of beans on hand compared with 83. 3 million last month.

Statistics did not count for much in today's trade. We believe that the wheat market in particular was affected by controversial attempts at legislation with the Administration wishing to cut price supports sharply, and to eventually eliminate all wheat production controls entirely. This, however, would not be designed to go into effect until at least the 1960 crop. However, yesterday's House action to cut loans to individual farmers to a maximum of $50,000, with likely action of a similar nature taken bythe Senate in the current Appropriation Bill caused a bearish feeling, and a good many cereals reacted after a firm opening. Beans held pretty well, and so did oats, but there was selling in wheat, corn, and rye. For the time being this creates greater uncertainties than before. Congressional action is not always easy to predict. Heretofore, loans have been announced before the farmer put his crops into the ground, and were calculated to give him some assurance of what the government would do. Should the larger producers find themselves unable to get loans on their total production it would naturally put more grain into commercial channels.

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CHICAGO, 4 May 22, 1959

The stocks of all feed grains on hand at the start of the 1958-59 crop year totaled over 245 million tons, larger than any other time in our history. At that time prices were generally depressed and it was thought that recoveries would be difficult to maintain. As the season progressed, however, it became apparent that farmers would take advantage of good markets for their large hog and livestock population and the result has been liberal animal feeding, and the total disappearance of feed grain stocks has been the largest in recent years. In spite of this, the year-end carryover of feed grains is expected to reach a new high total of 70 million tons, some 20% above the record in 1958. Of this amount 1.6 million bu of corn will remain, down some 200 million bu from earlier estimates, but it should be borne in mind that this will be on the eve of what might be a 4 billion bu crop expected next fall assuming normal growing progress persists.

The weather map continues to show unsettled conditions, and there was a good deal of moisture overnight, especially in the Corn Belt states and in the Southwest. This will of course benefit land on which corn and soybeans have already been planted, but will continue to delay farmers who have as yet not gotten their seed into the ground. Although a few northwestern points show some slight amounts of precipitation during the past 24 hours, generally speaking the spring wheat and rye areas are far behind the rest of the country in this respect and the map does not indicate much immediate relief. Consequently, some concern must be given to crops in those sections. Reports from the Southwest indicate harvest of wheat should be general in north central Texas and southern Oklahoma over the weekend assuming farmers can get in the fields. Progress of this grain appears to be 5 days ahead of a year ago over most of the Southwest, and the first car of new crop wheat was received in Fort Worth yesterday.

Although export business in wheat and flour is presently light, since July 1, 1958 according to Broomhall a total of 375 million bu have been shipped as compared with 340 million a year ago. Total amounts of corn exported since the 1st of October have been 126 million bu, slightly above the previous year, and shipments of rye have been 8 million bu vs 3.2 million in 1958.

Selling in most grains which developed late in the session yesterday continued early this morning on the report that Congress might pass legislation limiting individual support payments to a maximum of $50,000. Although this idea had been suggested and published in newspapers on Wednesday, it is possible that any such action might be made retroactive so as to affect this year's crop. Regardless of the merits of this proposal, it seems highly unlikely that lawmakers can justify such an action for 1959. After all, wheat farmers have abided by acreage limitations on the theory that cutbacks in planting would result in guaranteed price payments on their remaining acres used in production. Benson has allowed corn growers to plant at will this year with guaranteed loan benefits available to all. A break of faith could not be easily justified if the laws of the land were suddenly rewritten to suit the whims of Congress over the unbalanced budget.

A newspaper article published in Russell, Kansas says that wheat yield estimates are being lowered week by week as the crop matures. Streak mosaic, nitrogen shortage and greenbug infestation are to blame and many farmers have been talking of 5 to 10 bu yields and a few fields have been abandoned. Contradictory to this is the weekly summary published by Quaker Oats Co. in which it is stated that conditions remain excellent over most of the winter wheat areas and there is no great prevalence of diseases or insects bothering the crop. It is not easy to explain these various analogies except to say that some localized reports of mosaic damage have been made during the past few weeks and it is not uncommon for crop damage reports at this time of the year. As a whole, we still anticipate a good sized winter wheat crop to be harvested in the Southwest.

Primary receipts of wheat today amounted to 1 million bu compared with 688,000 bu last week and 715,000 bu a year ago today. Kansas City and Minneapolis stocks decreased a total of 631,000 bu so far this week. When the visible supply of wheat is posted on Monday, it will compare with a decrease of 1 1/2 million bu in 1958.

Wheat was subjected to liquidation most of the session and sympathetic selling developed in rye. Corn was a shade lower, but beans held rather well.

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CHICAGO, 4 May 25, 1959

Just recently a bill was passed to delay action on wheat allotments and marketing quotas until June 1st. Had this legislation not been passed, the Secretary of Agriculture would have moved in on May 15th to take appropriate steps. The President has warned that the government would have $3.5 billion worth of surplus wheat in its warehouses by 1960 unless the build-up were slowed. Accordingly, both House and Senate have been working feverishly to draft legislation prior to the deadline hoping to find a solution to the problems that are aggravating the surplus situation.

Late Friday, a bill was passed by the Senate, which in general provides higher price support for contracted production. Farmers could choose a price support at 80% of parity ($1.89 a bu) if they cut production 20%. They would get 75% of parity($1.81 per bu) if production were cut 10%, or 65% in the way of loans ($1.52 a bu) if they planted their full acreage allotment. The Senate would limit the price support payments to any one farm or farm corporation to $35,000. In contrast to this the House approved limit, which was appended to an appropriations bill, placed maximum loans at $50,000 which in effect would cover all crops. Both Senate and House bills would apply only to 1960 and 1961 crops, although the loan limitations in the appropriations bill would affect the extent of loans on this year's production. We believe that all threemeasures have one thing in common: namely, that they are being opposed by the Administration and face a probable veto. Should there be a veto, it is doubtful whether it can be overridden, which would mean that the 1960 wheat crop would be governed by the loan now in effect.

Next Monday, Secretary Benson must announce planting controls under whatever law is then in force. A good deal of attention has been attached to the one feature which would limit loans to large farms and farm corporations. The estimated expenditure for loans in fiscal 1960 is $2 billion, and officials are of the opinion that a $35,000 ceiling to an individual farmer might trim that to the extent of only 1 or 2%. A special survey made by USDA showed that 480,000 individual wheat loans were made on the 1958 crop, which required an outlay of $1 billion. Of this total about 150 loans exceeded $35,000 each; only 117 of the loans topped $50,000, the ceiling voted by the House.

There was hardly any rain in the Northwest over the week-end, the heaviest occurred at Rochester, Minnesota, where they had .12 inches; many stations had nothing. In Europe, Broomhall claims that there was some uncertainty injected into the European crop situation due to increasing reports of the need of rains in many sections. Among countries reporting the need of moisture were France, Italy, and Western Germany; parts of the U.K. were also becoming dry. We heard that Pakistan was still negotiating for wheat and that Israel might be in the market for $2 million worth of soybeans for July-August shipment on a barter basis. Norway bought a parcel or two of corn. New York advised that Israel was asking for offers tonight on a cargo of corn and India was seeking offers of 8,500 tons white wheat.

Downstate reports were quite optimistic on corn planting, with 85% completed at Gilman, 95% at Lincoln, the same at Bloomington, and almost all of the corn in the ground at Decatur.

Chicago wheat stocks declined 267,000 bu during the week leaving a little less than 6 1/2 million bu here. The stock of corn decreased 629,000 bu to 27.6 million. Oat stocks declined 325,000 bu, and Chicago bean stocks went down 305,000 bu leaving a little less than 8 million bu here.

There was some stop-loss selling in July beans, and also some weakness in the deferred months with some talk that the acreage in Iowa might be a little larger than had been previously expected. Wheat prices were firm but advances here were small in comparison with those at Kansas City. Apparently there were quite a few reports of deterioration in Kansas with damage claimed from mosaic disease.

We understand that the USDA have figures that of the 560 million bu of wheat impounded on the last crop that only 5 1/4 million was from farmers whose loans had exceeded $50,000. Actually there were only 117 such wheat farmers who received the loan on the 1958 crop while 14 loans of over $50,000 were made on the 1957 corn crop.

Rye prices were weaker mainly due to poor support. Corn prices were lower, particularly for the December delivery. The July future was 3/8¢ higher.

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CHICAGO, 4 May 26, 1959

Often when a good trader incurs a loss in the market, he will liquidate his position and revaluate the situation. Such a step takes courage it is true, but it might be that a greater debit is being avoided when it appears that the market position is not a wise one. In the case of the government farm program, this theory might be equally appropriate. Until now Congress has not as yet been able to face up to the fact that the legislation now in force is obviously ineffective. The original loan program has been altered to contain modified payments and provisions for a Soil Bank, as well as other innovations, all concocted to reduce the surplus and lessen government costs. However, the results are known, and the truth is this conception of a farm program has been proved inept. Why then should not the government liquidate their market position? Why not incorporate new ideas, such as a direct subsidy payment to farmers? Since 1932, CCC has incurred losses in excess of $15 billion just for merchandising wheat that has been received via the loan program. They have paid as much as $2.50 per bu in costs for storage and freight alone before being able to sell this grain in the market place, often at a substantially reduced price relative to its original outlay. These wasteful practices are publicly recognized and generally criticized. Why then not take steps to revise the entire concept of federal aid to farmers by initiating an entirely new program?

Crop progress is prominent in the news again this morning and continued wet weather prevails in parts of the Southwest. In north central Texas and southwestern Oklahoma, farmers are now able to begin harvest operations, as there has been no rain since the week-end. Farther north, especially in Kansas, there are continued reports of some damage to wheat, mostly mosaic, and it appears as though some losses will be incurred, although considering the state as a whole, the size of the crop probably will be far above normal size. Some of these damage reports have been reflected by strength the past few days in Kansas City futures, but when harvest begins, pressure should eventually have an effect on that market, and the price of their July contract might very well lose on its Chicago counterpart. With most of the corn already planted in Illinois, the present rainy condition should benefit early growth. We had heard from reliable sources in Iowa yesterday that the forecast of showers might cause some switching of corn to soybeans. However, rains did not materialize and planting of the yellow cereal is progressing in many areas of that state today.

There was comparative strength early in July rye as the result of buying in that month against the sale of the deferred. The latter months became weak probably in sympathy with the Canadian market which was lower most of the session as there has been some moisture and more is forecast for the Northwest although deficiencies have existed and precipitation must be frequent in order for crop progress to be made. Present differences in price between our rye market and Winnipeg do not warrant shipments to Chicago, particularly when we add over 4¢ to their price as a consideration of the premium for the Canadian dollar. It is true that the 90¢ loan is less than last year, but unless a stock is built up, prices willbe governed by free supplies and demand.

The old crop corn future in Chicago was lower, although a good cash demand exists and country selling is not heavy. Shipments from local stocks for export are continuing and it is questionable whether or not they will be replaced. The weekly government crop report states that corn is 82% planted in Illinois and 75% in Iowa. Despite heavy rains, plantings have proceeded mostly ahead of normal and, as we mentioned earlier, farmers are active in the fields today. There is, however, some additional concern regarding wheat in the form of mosaic as some of this disease is showing up now in Nebraska. Otherwise it is stated that winter wheat benefited substantially from heavy rains over the entire belt, and planting of spring wheat in the Northern Great Plains is about completed.

Chicago free stocks of wheat decreased 247,000 bu this past week leaving almost 5.6 million bu. Corn increased 83,000 and there are 6.4 million bu in the local free stocks. There is still in excess of 7 million bu of beans in the Chicago free supply, but more important is the fact that the government will probably take over about 75 million bu on June 1st, and may offer them at a price competitive with the free market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 27, 1959

Congress is working feverishly in an effort to repair outmoded farm legislation. The evidence of 25 years has demonstrated that we cannot balance supply and demand by means of present acreage controls or by the imposition of higher supports thanthe economy merits. We cannot solve the farm problem by programs that destroy markets and which channel farm products into storage. Congress has apparently not yet learned that we must stop trying to fix prices unrealisticly. The existing outmoded farm laws must be changed, and until that is done the needless waste of our natural resources will continue. The present hurried attempts to inject something new into legislation reminds us of a car dealer who takes the dents out of the fenders and simonizes the body of the car to make it look more attractive, without seeing to it that the motor runs more efficiently. The present system has failed because we have tried to price abundant farm products as though they were scarce, and as a result these surpluses keep on accumulating. The U. S. is rich in resources, both human and material, but no people, no country faced with our current challenge in world aggression is rich enough to afford downright waste indefinitely. True, we need reserves to take care of our growing population in case of war, but the surplus of wheat is now the largest it has ever been. It has piled up to a point that if we converted it all into bread, there would be enough to supply every man, woman, and child in the U. S. with 450 loaves.

We are not predicting what will happen in Washington in the near future. Such forecasts are always dangerous. During the last Congress a total of 18, 105 bills were introduced; of these 13, 965 died. There were 4, 140 approved by Committees. Actually passed and signed by the President were only 1, 720. These were inscribed in the statute books; all the others went into oblivion.

There was a good deal of moisture in the corn belt states overnight, but in Illinois, the weekly bulletin said that the crop is 82% planted compared with 85% a year ago, and 73% as the 5-year average. Soybean planting is 62% finished, which is less than 70% at this date last year but is still above average of 58%. In Iowa, corn is 75% in the ground. Last year at this time virtually all of the corn hadbeen seeded, while the 10-year average amount planted as of this date was 85%. There were some rains in our Northwest but not heavy, and only moderate precipitation is in prospect, according to the 5-day forecast. As for Canada, Saskatchewan was missed by the most recent rains, and weather has now cleared over the Western Provinces. There were a few showers in Southern Alberta and heavy rains in Eastern Manitoba. We feel that the spring wheat areas, both in our country and across the international border will need rain rather frequently to make up for subsoil deficiencies.

In Europe moisture conditions were spotty. Some areas had light to fair rains which gave temporary relief, but other sections are still in need of moisture. There are no serious complaints yet, but these may increase unless weather improves. The comment is generally favorable in France, and the trade is talking of a crop of about 367 million bu, which would be more than last year and would compare with a record of 407 million bu two years ago. Such a crop would furnish a surplus of 55 to 73 million bu. There is also a chance of a good barley surplus.

Primary receipts of wheat were a little heavier at 929, 000 bu which compared with 746, 000 last week and 682, 000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 516, 000 bu.

Trade in wheat was not particularly active. There was comparative weakness in Kansas City, and it is possible that hedges fromTexas are coming into that market, but generally speaking there will not be toomuch pressure inthe Southwest from the movement of Kansas wheat until about mid-June. Our market held rather firmly and there was some buying of the December future on crop damage reports which continue to stress mosaic disease, and it is quite likely that estimates of yields will have to be lowered in spite of the fine rains when the next government report is issued. Beans were down fractionally, and there was no particular feature to that market. Rye prices were a little lower early but firmed up in the late trade. Corn was down a little without much pressure, although one of the leading industries was thought to have bought some corn overnight and hedged his position.

The Kansas report claimed that infection was variable, ranging from only a little in isolated fields to as much as 50% in some of the more affected areas.

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CHICAGO, 4 May 28, 1959

Wheat futures in Chicago have been lower the past week or so, primarily as the result of impending farm legislation. It appeared as though more free wheat might be available from future crops as individual loan payments may be reduced. It is questionable even if this legislation passes whether enough wheat or other grain involved would be substantial enough to affect free market conditions. More pertinent crop condition reports seem to be having an influence at present. Yesterday wheat prices firmed as more mosaic and insect damage reports came across the wires. Although statements of loss have been concentrated throughout Kansas, some sections of Colorado, Missouri, and Nebraska have also been affected. Many estimates compare yields with last year's record production, which is an unrealistic basis for comparison, as we have known right along that the number of bushels raised this year cannot approach last year's total. In spite of these damage reports, and including the fact that wheat prices are some 30¢ under the gross loan, it is difficult to become enthusiastically bullish on new crop futures at this early juncture. Recent heavy rains over most of the wheat belt must be considered beneficial and probably offset to a great extent some of the losses from mosaic, but harvest pressure will develop and expand in the next six weeks. At this price level undoubtedly large quantities of grain will be held off the market, with much of it earmarked for the loan program, and this could be effective in creating artificial influences later in the year. The next government crop estimate will not be released until the 10th of June, and until that date when a bushel figure is known, markets should be sensitive to interim local and state reports.

Old crop corn futures have been less influenced by firmness in the cash basis as supplies continue to replenish commercial and export usage. With plantings practically completed over most of the corn belt and moisture conditions quite fair generally, the crop is off to a good start. If the growing season is normal a very large corn harvest can naturally be anticipated in the fall. Assumptions regarding the eventual production of soybeans cannot be as readily made. Only inaccurate guesses can be made as to total supplies of this commodity. In spite of fluctuations since the government planting intention report in March, the September future is presently at almost the same price.

There were beneficial amounts of rainfall in our Northwest again last night, and this relief will help progress of both wheat and rye which have been growing in soil that contained deficiencies. The official Canadian report states that wheat and coarse grain seeding has advanced rapidly in Saskatchewan and much of Alberta the past week, and in most areas week-end rains were sufficient to insure germination.

With one month remaining in the season, wheat exports have totaled 385 million since July 1, 1958, and although ahead of last year it appears unlikely that the goal of 450 million bu set by the USDA will be reached. Exports of corn are at a more rapid pace than the preceding year, and since October 1st total 133 million bu vs 122 million last year.

There was not a great deal of activity in our markets this morning. Wheat prices were mostly unchanged and there was some covering of hedges by exporters, although not enough to account for the 2 1/2 cargoes of hard wheat sold to Yugoslavia. Otherwise the only foreign shipments were small amounts of corn and milo, and 26,000 tons of soybeans sold to Israel on a barter deal. Corn prices were lower most of the session although there was little feature or news to guide that market. Excellent growing weather has affected new crop months, but it is too early in the session to expect pressure, and very often during the normally hot months of July and August some crop scares develop. July beans were more than a cent lower, and June 1st is the take-over date by the government on that portion of last year's crop which remains under seal. At that time they have stated that they will sell at a price no less than a figure which will approximate $2.21 a bu in store in the country. In the meantime there is some demand for the free beans in the Chicago stocks although over 7 million bu remain. Profit taking in oil and a lower meal market are probably having an effect on the soybean futures.

Primary receipts of wheat amounted to 1,179,000 today vs 779,000 last week and 953,000 last year. Kansas City and Minneapolis stocks have decreased a total of 686,000 bu so far this week.

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CHICAGO, 4 May 29, 1959

We have mentioned several times in these letters that there are roughly 4 3/4 million farms in the U.S. Of these there are about 2 million that produce 90% of the farm products that are marketed. They include the larger and more prosperous farms. Very few complaints are heard from this group. It is probably for the reason that the billions of dollars of government expenditures for price supports and stabilization are primarily for the products of this bigger group. On the other hand, we find that most of the 2.7 million farm families have low or inadequate incomes, and the level of living by these people are below average. There is widespread acute underemployment. It is a sad commentary that price supports have not and could not possibly solve the economic problems of a small farmer. In some cases the price support laws have actually increased the problems and burdens of thousands of small farmers, who are already hardpressed for income and an adequate level of living. In the same connection, however, there are associated with the latter farm families as neighbors both in the country and in town even larger numbers of rural farm families, which likewise have low incomes, unemployment, and often low levels of living. For these people there is no particular consideration given by the government, and they merely plod along trying to live as best they can.

We might say that all this is a major weakness in the total resources and economy of the country. However, to solve such problems is not an easy matter. We repeat again that we cannot solve the farm problem by programs which destroy markets and which channel farm products into storage. It must be obvious by now that a warehouse is not a market and a storage bin is not a customer. What we need is a method of expanding our foreign outlets if we are tocontinue raising surpluses as we have. In our opinion it is uneconomic to have high supports for surplus commodities that cannot be readily sold abroad. It is important that all of us, including legislators in Washington, recognize these truths and try to formulate workable methods for helping the farmers if we are going to have programs at all.

The official exports of soybeans from last October through April have amounted to more than 70 million bu, whereas a year ago only 59.2 million bu cleared. Our grindings are keeping up at a fairly large pace, and thus we have a situation in beans where even with bumper crops we seem to be able to go from one season to the next without having too burdensome a carryover. While the reserves on October 1st will probably be the largest in history, it may still become a blessing if anything should happen to give us a smaller acreage this year or if the returns are smaller than they were last season.

Some rain was reported in the Northwest but rather light; there is still a chance for moderate thundershowers, according to the 5-day forecast. More rain fell in southwestern areas and over the Central States, which should be very beneficial for corn and beans already seeded. We are getting very optimistic reports from Iowa and according to the Quaker Oats report all of the corn-growing sections of the country have received additional rains during the past week. While planting did not get quite finished, it is said that in most areas it would take only a day or two to finish the job. There are a few sections of the country, notably in southeastern Nebraska and across northern Iowa and northern Missouri, where scarcely 50% has been planted and fields are still very wet.

Primary receipts of wheat were 984,000 bu which was a little more than last week and compared with a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 669,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 1.8 million.

Wheat was rather weak all during the session, despite further reports from Kansas that the crop was not looking well. One party from Salina, Kansas, who had checked his fields said it was amazing that deterioration the last few days had been so persistent, and that both mosaic and traces of rust seem to be the causes. From Canada we had reports that there had been no rains in the west, and that only scattered showers with no appreciable precipitation was in sight. Beans were quite weak, but at this level the price in the country is about equal to what the government might sell its holdings for; therefore there might be a steadier market for the July future. We shall not know what the actual plantings are until July. Rather feel that there will be better support for deferred months on breaks. Rye was weak again.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 1, 1959

In the past both importing and exporting countries have been critical of our farm program because of the fact that with large subsidies we usurped a large part of the export market, disrupted trade, and in general created many more uncertainties in international markets. An entirely different criticism has been directed at our agricultural program by an Englishman who recently visited one of the countries behind the Iron Curtain. In a letter from London, he points out that the U.S.A. is indirectly subsidizing the industrial program of Iron Curtain Countries. While admitting that American authorities are restricting the flow of agricultural products to Russia and its satellites, nevertheless, many of our agricultural products are going to nations which in turn forward or substitute grain that leaves these shores on a gift basis. He points out that as an example, France is selling part of her surplus grain production on a long-term credit basis to Iron Curtain Countries, only to replace their stocks with U. S. A. products which are being served to them on a "silver platter" or on easy credit terms so that actually our program may only be considered as being unrealistic. This English writer comments that the Soviet Union may still be a number of years away from rivaling the industrial production of the U.S., but if they and their satellites, thanks to the indirect effect of the U.S.A. "give-away" policy of agricultural products, are able to withdraw more and more labor from their farms, then the development of commercial interest in Russia and her satellities may be faster than we presently anticipate.

This charge should be carefully studied in view of the rising industrial activity in Russia and the release of men from farms in order to put labor into factories and to increase industrial output. The British writer further states that any student of Marx will appreciate that industrial workers in the cities are always better socialists than farmers. In his view the present agricultural policies of the U. S. A. are extremely shortsighted, and are bringing about situations that were never contemplated nor intended.

There were some rains over the week-end in our Northwest and a good many reporting stations showed precipitation from a trace to over an inch, with a few areas actually experiencing cloudbursts. From Canada we heard that there was no important rain in Saskatchewan, which was one of the drier Provinces, and they felt that unless rains were reported almost immediately the flax acreage was likely to be considerably reduced. According to the Searle Grain Company Ltd. report, Canada's precipitation from April 1st to May 25th amounted to 77% of normal in the Province of Alberta vs. 49% last year. Saskatchewan during the period had 55% against 47% of normal last season, while Manitoba, which is the smallest but most favored area had 113% of normal moisture whereas a year ago they had only 28%. They go on to say that total over-all moisture for the Prairies, which takes into account moisture that accumulated prior to the present growing season on stubble and summer-fallow, now stands at 72% of normal vs. 87% at this time a year ago.

Chicago wheat stocks decreased 351,000 bu leaving a balance of 6.1 million bu here. Local corn stocks decreased 282,000 bu leaving 27.4 million bu here. The Chicago stocks of beans increased 371,000 bu during the week to a total of 8.3 million bu.

The Santa Fe report claimed that the wheat crop was better than average although it varied from failure in some of the early producing areas to excellent in some of the important counties of Kansas and Oklahoma. They did say, however, there was little possibility of Kansas, Colorado, Oklahoma and Texas producing more than 425 million bu this year which would compare with last year's bumper crop in those states of 549 million bu, and an average of only 305 million bu. The exports for the first 11 months of the season are currently estimated at 398 million bu by USDA, which is a little more than shown by Broomhall, and would be around 40 million more than for the same period last season.

Locals were the best sellers of corn and beans. The yellow cereal came back, and there were some reports from Iowa that the land was too wet and that we needed a period now of dry, sunny weather. Exports during May were considerably above a year ago. Beans were weakest for the September future. Rye recovered and unless the government sells its holdings on a large scale we see nothing very bearish in the situation.

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CHICAGO, 4

June 2, 1959

There has been so much recent talk of pending farm legislation and expected Congressional action that the issues regarding the 1960 wheat program have become clouded. In order to clear the picture, the following is an explanation of the situation as it now stands. Yesterday, June 1st, being the legal deadline for the government to proclaim legislation for 1960, and because Congress has not acted positively, Agriculture Secretary Benson, as required by law, established July 23rd as referendum date. At that time farmers will vote on price supports for the 1960 wheat crop on the same basis as the 1959 program. If two-thirds of the nation's wheat growers approve, then next year's crop will be grown on allotments totaling 55 million acres, and the loan price will again be established at 75% of parity, which on basis of present calculations figures $1.78 per bu, national average, with penalty assessments against noncompliers.

Past records, including 84% approval in 1959, indicate that this measure will again pass by the necessary two-thirds majority, but if it does not pass, the alternative will be that farmers may plant as much as they wish with no federal aid. However, those who desire to continue to plant within their acreage allotments may obtain a 50% of parity loan from the federal government. It appears as though the laws governing the 1960 wheat crop will be identical to the present support program, as stated. However, it is still possible that Congress may attempt to enact some stop-gap measure, such as further acreage reductions, and at the same time allow a higher loan, possibly as much as 90% of parity. Unless something more realistic is produced by the nation's lawmakers, any such bill would meet an almost certain veto, as the administration has announced they are decidedly against any higher loan payments at all. It is interesting to note that Secretary Benson is required by law to set marketing quotas and acreage allotments when the wheat supply is more than 20% above expected demand. Adding the 1959 crop to the amount carried over,there would be some 2 1/2 billion bu on hand, almost a 100% reserve.

There have been few reports of consequential moisture the past 24 hours, either in this country or in Canada. A private crop report indicates that small grain seeding is essentially completed over most of our Northwest and most spring grains, although up 2 to 7 inches in height, are behind last year's pace. Progress of corn, however, is a different matter entirely, and with a much larger acreage than last year almost completely planted, early progress has exceeded normal, with beneficial moisture in practically all areas. Farmers, determined to take advantage of the $1.12 loan, are fertilizing quite extensively, and since only 2% of the land in Illinois lacks adequate moisture as compared with 45% a year ago, first indications are that this year's crop may possibly yield 4 billion bu, although too much of the growing season lies ahead for this to be a certainty.

There have been some reports of aphid damage to oats in the area of Illinois near Quincy, as well as some red leaf rust which prevails in isolated instances. Although the crop is considered good to excellent in northern sections of the state, private advices in some places talk of a 20 to 25% reduction in acreage compared with last year.

There have been some export shipments of wheat made with more in the offing. India has requested offers on Gulf hard winters, and may eventually purchase as much as 250,000 tons. Thus far they are reported tohave bought two cargoes. Purchase authorization is expected to be issued to Brazil for 700,000 tons of U.S. wheat with maybe a third of the total to be sold before June 30th. 40,000 tons of corn were sold to Austria. Recent demand for flour has been extremely light, but according to The Southwestern Miller the trend is toward a light improvement. Shipments of new crop wheat continue moving to market in southern Oklahoma and north central Texas, and, although it is difficult to trace the disposition of these cars, it appears as though many of them are being sold. This is the first run and the harvest movement won't become heavy probably for at least another two weeks.

The State College at Manhattan, Kansas, has confirmed reports of extensive streak mosaic damage in some of the important varieties of strong gluten wheat. Other varieties are more resistant. Damage seems to be greatest in the south central and western parts of the state with less in the north. Some of these affected varieties might show 30 to 65% reduction or more unless cool and wet weather between now and harvest prevents further deterioration.

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CHICAGO, 4 June 3, 1959

Just recently a survey was made and a poll taken of agricultural economists at our 49 Land-Grant Colleges. Of the 37 economists replying, four out of five stated that, "any laws further hamstringing the free market will hurt the farmer, the consumer, and the nation." These men should surely be in a position to evaluate the effects of poor farm programs which are outmoded, and which have been largely responsible for much of the distress in piling up surpluses. It is now generally conceded that if we have a normal wheat crop this summer and export about the same quantity that we did during the current season, by July 1960, there will be a carryover of 1.5 billion bu. This would be 2 1/2 times as much as is consumed domestically each year, and would also take care of seed and feed requirements during the period. We shall probably have by that time about $3 1/2 billion of taxpayers' money tied up in wheat alone. Thus, it is fair to repeat that wheat is our number one problem. Furthermore, the high loan price has cost us money to maintain foreign markets, hampered efficiency, brought about rigid government regimentation, taken away farm freedoms, and has even gone so far as to cause resentment among the American people.

Instead of solving the problem, it seems to be growing gradually worse, with the result that most farmers do not want the type of legislation which is presently on the statute books. They have repeatedly said so in nationwide polls. In a recent survey by the Farm Journal, it showed that eight out of ten farmers responding, wanted greater freedom and less government in agriculture. In December, 1956, 61% of the corn farmers in a referendum voted for lower supports and increased acreage, while last November, corn farmers voted by almost a 3 to 1 majority to eliminate corn allotments and to lower the level of price supports. Thus it is not fair to say that farm people themselves are demanding these programs but rather it is the politicians who try to sense what is politically favorable that are urging a continuation of these outmoded price support plans, even to the extent of raising the limits if farmers will further curtail acreage. Until there is a definite change in our planning, agriculture will continue to be burdened with too much government, too much politics, and too little economic foundation. The present system under which farmers are forced to operate has failed to promote prosperity, has hindered expansion, and has not been in the interests of freedom.

Before our market opened this morning, there was not too much to guide it. A few rains had been reported in parts of the Southwest, and there was a small amount of moisture in the spring wheat areas, but weather was hardly a factor. In Canada there was no precipitation of consequence, but early growing conditions are not too bad except for areas of Central and Southern Saskatchewan. While it has been unseasonably cool in our Northwest, temperatures have now risen and if anything it is probably a little warmer than normal for this season of the year. Small grain seeding is essentially completed in all districts.

The Illinois state report tells of corn planting, which is about 85% finished but some of the early fields have become quite grassy and weedy. 65% of the soybeans have been planted, which compares with nearly 85% last year and an average of more than 70%. In this state soybeans, too, are foul in some areas.

Primary receipts of wheat were 838,000 bu vs 929,000 bu last week and 644,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 413,000 bu.

Trade in wheat was as dull as we have seen it in some time. July wheat had a range of only 1/2¢ per bu during the entire session. In yesterday's trade 20% of the volume in wheat consisted of 1960 futures. Some warnings were again issued as to mosaic damage in the stricken counties of Kansas, but other territories have undoubtedly benefited because of moisture. Tomorrow we shall have a private report giving the winter wheat yield. Corn futures were firm; there was buying of December by an elevator interest, and also a heavy purchase of July by a processor. Beans were generally lower with the exception of the July future, and even that month yielded some ground late in the day. Apparently planting of beans and corn is progressing pretty well in Iowa, but some corn may have to be replanted due to water standing in low areas, and there may also be a little diversion of corn to beans due to lateness of the season, but this is probably only minor. Some rains in Texas are delaying the wheat movement. Some new arrivals at Fort Worth are noted, but the volume has not been large.

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CHICAGO, 4 June 4, 1959

There was little important overnight news to guide the market at the opening as the trade was awaiting a private report to be issued at ten o'clock, - governing the size of the spring and winter wheat crops. Weather in the Southwest was clear except for heavy rains in northwestern Kansas, and also showers in the Texas Panhandle. As far as the latter area is concerned this moisture will cause delays in harvesting operations which have been getting under way where-field work has been possible. The Oklahoma weekly crop report states that harvest has begun in several southern counties, and early reports indicate per acre yields range from 7 to 30 bu, which is below last year's record levels. In our Northwest and Canada there was little more than a trace of moisture in some sections. Temperatures in western Canada are extremely warm for this time of year. Skies have been clear over most of the Midwest so that farmers who have not finished corn planting should have the opportunity to do so. Progress is also being made in soybeans, and since there has been quite adequate precipitation this spring over most of this area, crops should get off to a fast start.

The Senate yesterday approved a $3.9 billion appropriation bill for the Agriculture Department for the 1960 fiscal year. Included, as expected in this measure, is a $50,000 limit governing the amount of loan aid available per farmer. This legislation is similar to that passed by the House, and it is said to be acceptable to the President, although it will not be applied to this crop year. It has been estimated by USDA officials that only about 5,000 farms out of 4.6 million in the country would be categorized by this ruling, and since many raise more than one commodity it has not been calculated how many bushels of various grains may be excluded from the support program as a result of this limitation.

The Galvin report estimates a winter wheat crop of 938.7 million bu based on conditions as of June 1st, which compares with the government forecast of 956.6 million bu as of May 1st. Since there have been numerous reports of loss from streak mosaic, particularly in Kansas, it is not surprising that a good part of the reduction occurred in that state where it is calculated that 26 1/2 million bu less will be raised. The soft wheat producing states, including Illinois, Indiana, Ohio, Missouri, Michigan, New York, Pennsylvania and New Jersey will raise close to 217 million bu, according to this report, which is a slight reduction from the government figure, but is a drop of 26 million bu below the previous crop. Growing conditions in our Northwest, particularly Washington and Montana, have allowed for a slight increase in the number of bushels estimated for harvest.

This source also predicts a spring wheat crop of 219 million bu, which compares with 282 million bu in 1958, and when added to the expected production of winter wheat will give us a total of 1,158 million bu for the entire country in the coming crop year. In comparison last year's June 1st forecast by the government was 1,271 million bu. However, from that time forward growing conditions were ideal and a bumper wheat crop of 1,462 million bu was eventually harvested, and it is most doubtful whether similar excellent growth will be repeated.

It has been confirmed by this report that the corn plantings this fall will be a good deal heavier than the preceding year, as it was estimated that 82.1 million acres will be planted for this cereal. This compares with 74.6 million acres in 1958, but it is a slight reduction from the government's intention figure of 84 million acres. There have been some sections of the country where excessive spring rainfall has kept farmers from their field work, and as a result there will be a switch into soybeans on a small scale, and it is indicated that approximately 24 million acres will be planted to this commodity, which would mean that an eventual harvest of 23 million acres is possible. 1,238 million bu of oats will be produced, according to Galvin, which compares with 1,422 million in 1958, and is the result of cold weather during the seeding period which caused land to be used for other grains.

The wheat crop will be sizable enough to insure large supplies for the coming year. There will be selling pressure during the harvest season, but at the present discount under the loan it seems likely that good-sized quantities will be stored. As has been the case in recent years, prices will probably improve later in the season in order that enough wheat is available for the free market. New crop beans and corn were easier as good growing weather and large plantings encouraged selling.

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CHICAGO, 4 June 5, 1959

With wheat supplies on the North American Continent so plentiful the trade is apparently little disturbed by damage reports which are circulated both here and in Canada, and which might make a total difference in the wheat crops of the two countries of as much as 100 million bu. For example, yesterday when the Galvin report was circulated, it showed a heavy reduction for Kansas and an overall wheat reduction of 300 million bu as compared with last year, but this had only a passing influence on Chicago futures. To generate more interest in the market, we shall probably have to have reports of active domestic and export trade, which at the present time is not the case. From all we hear, seeding has been pretty well accomplished in both Saskatchewan and Alberta. There is still a little to be done in Manitoba; the latter Province is the only one of the three which has had an excess of moisture since April 1st. From now on much will depend on the amount of rainfall received during the next two or three weeks. It is not even urgent insofar as Saskatchewan is concerned, but if they do not receive some precipitation within the next two weeks, they will undoubtedly start to go backward. It was rather encouraging that the last Saskatchewan Pool crop report was much better than most people had anticipated. On the other hand, the chances for a big wheat crop in Canada are not very likely.

In a recent letter we pointed out that U.S. authorities, while not selling surplus grains directly to Iron Curtain countries, were, nevertheless, granting long-term credits to other nations, which in turn were shipping their surpluses to the Soviet and its satellites. They were able through imports of American grains on credit to ship equal quantities that were being imported. A friend of ours in Britain believes that his country finds certain economic dangers through the European common market and that England will, therefore, consider seriously granting credit terms to Russia. He goes on to tell that if the American economists analyze the British position they will realize that through P.L. 480 sales to various countries, they are actually giving indirect help to Russia and other Iron Curtain countries, and thus would hardly be in position to criticize British policy.

There is some chance for moisture in our Northwest, although the daily forecast is not promising but there seems to be a better chance of precipitation according to the 5-day outlook. Rains are also likely for parts of our Southwest, which would further interfere with harvesting operations. Were it not for this, there might be considerable headway over the week-end as far north as the Kansas border. It would take one or two days of sunshine and hot weather for widespread harvesting to be accomplished.

India is actively inquiring for some wheat on the Pacific Coast and also indicates a desire to buy at the Gulf for July shipment.

USDA anticipates that soybean prices to farmers over the next few months will probably average a little over the 1958 loan rate of $2.09 per bu, at least until new crop beans become available. They expect that CCC will acquire 75 million bu on loan defaults; thus it is likely that some of the government beans will move into trade channels during the summer. The season's crushing of oil and meal is expected to set a new record of about 400 million bu compared with 354 million last season. Exports are likely to reach the 100-million-bu mark, up more than 15 million from a year earlier. This would leave a record carryover of 65 million bu on October 1st. This carryover they do not believe would be particularly burdensome as virtually all of the old-crop beans are likely to be held by CCC.

Statistics were of little importance today. When the wheat visible is posted on Monday it will compare with last year's decrease of about 2 1/2 million bu. Wheat was weak and less was heard of crop damage Southwest although the movement is bekng held up by rains. There may have been a little wheat hedged and generally speaking the market was poorly supported. Rye was weak, and we are closer to an import basis from Canada although it will probably take another 3¢ widening of the spreads to make shipments here attractive. Corn was weaker and people in the country are optimistic. New crop beans were also under some pressure, and there was some stop-loss selling. Since the private crop report was issued yesterday indicating a million more acres than had been expected, there has been more bearish sentiment.

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CHICAGO, 4 June 8, 1959

Farmers' realized net income rose 20% in 1958 to $13.1 billion. This was the largest percentage increase since the wartime rises. Realized gross farm income was almost $38 billion, also a record high. Were it not for the mounting production costs, net farm income would make for a much happier picture. As a matter of fact, farmers' cash operating expenses have increased each year since 1953. The larger amounts of purchased commodities and services, together with rising prices, have boosted total outlays. In addition, the expenditures of many individual farmers have risen because of expansion in the size of the farm, which has often entailed more machinery and equipment. Thus it is a fact that while the tendency has been toward larger farms, total production costs are more than three times as great today as they were in 1929 and more than seven times as great as they were in 1910. Figures would indicate that machinery purchases,both in 1957 and 1958, were well above estimated depreciation.

Before our market opened this morning, there were reports of generally clear weather Southwest, so that undoubtedly harvesting operations have been resumed over wide areas. It now remains to be seen how much wheat will be offered on the free market and how much will be held for storage. In the Northwest there was a little rain and more is forecast in the 5-day outlook, but considering the high temperatures and subsoil moisture deficiencies, there is not too much enthusiasm with respect to the spring wheat crop. The same is more or less true of rye. In parts of North Dakota we hear that the crop is not up to average, and in some places it is heading on short straw with short heads. In addition, there has been some winter killing, plus the fact that the acreage was not too large to start with. All thus sums up to the possibility of justmoderate crops for both rye and wheat, and the same must also be true of Canada, where conditions both with respect to moisture and early growing weather have not been very conducive to the best development of crops. On the other hand, the trade is imbued with the large carryover reserves, and there is really no important buying at the moment, as a good many traders are waiting to see how much hedging pressure will develop in the weeks ahead. In rye, there is still the possible threat of Canadian imports, and also the government's take-over holdings through defaults, which may bring some selling to the market, with this year's loan lower than last. Therefore, asking prices will undoubtedly be lowered, with CCC taking a handling loss on its operations.

According to Broomhall, crop conditions in Europe are rather spotty, although there has been no claim of any material lowering in crop outlook. Partial dryness was noted in France, but generally speaking the wheat yield looks to be satisfactory. The Italian comment on crops remains very optimistic and a surplus is looked for in that country. Some deterioration was reported for spring-planted grains in Western Germany.

USDA still believes that our total exports of wheat and flour for the season will reach the previously anticipated figure of 450 million bu. Approximately 28% of the total shipments in the first ten months of the crop-year went to India, which, of course, was a big help.

Chicago wheat stocks declined 329,000 bu for the week, still leaving 5 3/4 million bu here. The local corn stock declined 754,000 bu, leaving 26.6 million bu here. There were no important changes in oats or rye. Bean stocks, however, went down to 8 million bu, which was a decline of 287,000 bu.

Toward mid-session there was a little strength in our market, and this was probably in sympathy with Minneapolis, where dry weather reports were circulated. From the Southwest we learned that in Oklahoma the wagon wheat price was $1.71 per bu, and some wheat is being sold at that level. Probably more would come on the market if prices held up, but up to now only about 15% was sold, but the wheat is of excellent quality, and yields are coming out better than were anticipated before harvest. Over the weekend farmers were able to get back into the fields in central Texas, and cash prices were a little lower today. However, farmers were still getting 1 to 4¢ over the loan, so a fair amount of wheat was being sold. July corn was very firm, but new-crop months were indifferent. Beans were higher, and there was a little local buying of deferred futures. Rye prices were quite strong, and this was due mostly to dry weather in our Northwest and in Canada.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

June 9, 1959

Facts and figures concerning the economy of Russia are difficult to obtain, but our Department of Agriculture has compiled statistics which can be considered fairly accurate. The USSR is mostly a country of level or rolling terrain, with a huge fertile acreage allocated to growing crops. Aside from the lack of modern technical "know-how" relatively low yields in that country are also the result of climatic conditions. Of course, poor farm organization and lack of economic incentives are also very much to blame for comparatively inefficient agricultural practices. The one thing that is most evident is the concentration made on farming in recent years, especially when it is realized that in 1950 only 287 million acres of land were utilized in this undertaking. In the short span of seven years this figure increased by almost 100 million acres. By comparison American producers harvested 295 million acres as long ago as 1900, and by 1954 had increased this number by only 43 million acres. The amount of U.S. land devoted to growing crops reached a peak in the early 1930's, and since that time in spite of larger output, due mainly to advanced technology, wheat and cotton land alone has been reduced by some 60 million acres. In 1957, 171 million acres of Russian soil were devoted to the production of wheat. A total of 1,800 million-bu was raised. In that same year, and despite poor weather in our Southwest, almost 950 million bu of U.S. wheat was harvested from 44 million acres. The Russian trend has been for more and more land applied to growing feed for human and animal consumption, while in our country farming has become commercialized and a smaller number of people cultivate fewer acres, as modern techniques have helped provide greater efficiency.

Clear weather prevailed again in the Southwest and farmers are busy in the fields where wheat has ripened. Harvesting operations are widespread in Oklahoma and in some sections of southern Kansas they are now able to enter fields. Where prices are still equal to or a little better than the loan in Oklahoma, a good percentage of the crop is being sold, and although quality appears quite good, protein content tends lower as the harvest moves northward.

Wheat and rye markets in Chicago have been firm the past two days, as reports of dry weather in the Northwest persist. According to private estimates, wheat in North and South Dakota appears fairly good and the amount of reseeding due to various causes has been about normal. Some concern is shown for oats in southern Minnesota and some fields covered by aphids have been replanted to soybeans. Very little moisture has been received in our Northwest, but there is a scattered showery condition approaching and rains, if any, in that area would be most beneficial.

Growing conditions are almost ideal throughout the corn and bean belts as sub-soil moisture is evidently quite adequate in most sections while temperatures have been high and skies clear. The forecast indicates precipitation likely and, of course, this is always welcome during the growing season. Chicago free stocks of wheat decreased 1/4 million bu during the week leaving 5 million bu in local elevators. Shipments of free corn amounted to 887,000 bu and there are now only 5 million bu available. This probably had an influence on the July future which was again firm. A number of Chicago elevators are presently affected by a strike of handlers and weighmen, and though grain is still arriving at terminal points, it is not being unloaded, and if this wage dispute is not settled it is possible that an embargo would have to be placed on some incoming shipments. In the past strikes of this nature have always been settled quite expediently and since very little grain is moving at this time, repercussions should not be serious except for the fact that corn which might otherwise have been shipped to this city might be sent elsewhere. Local buying firmed the oat market.

Primary receipts of wheat amounted to 1,211,000 bu today compared with 1,387,000 last week and 867,000 bu a year ago. Kansas City and Minneapolis stocks have decreased a total of 366,000 bu so far this week.

Marketswere generally quiet most of the session and early gains in wheat and rye did not fully hold. There is further news from Washington concerning proposed wheat legislation for 1960, and the Administration apparently is willing to back a House sponsored bill which in essence will allow wheat farmers to decide for themselves a price support alternative.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

June 10, 1959

Before huge surplus supplies were accumulated, much more attention was paid to crop conditions during the growing season. At that time a likely change of 50 million bu in wheat or corn would naturally have been an important item. The same, however, is not true at a time when our supply figures, including carryover reserves, are so startling. We have enough corn and other feed grains tolast for more than a year and a half even at a very high rate of feeding. We have enough wheat to last for more than two years at present rates of disappearance, assuming continued high-level supports. When the spring and winter wheat crops are gathered this summer, our total supply will mount to over 2.4 billion bu, which would fill all available outlets for such a long period ahead that there can be little concern of a shortage except that the situation will continue to be dominated by the amount of wheat that remains under government control. June is generally a monthwhen the country looks like a garden spot. There are, of course, some areas that will require a little careful watching, particularly in our Northwest, where subsoil moisture had been deficient, and there are also areas in Kansas where aphids or mosaic disease have been noted, but on the whole nature has been very provident and there has been no recurrence of the drought period, such as was experienced in the years 1933 to 1937, inclusive, when we actually raised less wheat on an average than was being consumed by our people.

Better techniques and improved technology have done much to bring about the present favorable conditions, although, of course, weather has also played an important part. Scientists have revealed that if all the remaining ice sheets and glaciers in the polar regions and elsewhere in the world melted, the level of the oceans would rise between 150 and 200 feet. This could cause great havoc over the face of the earth, but as we mentioned earlier, nature seems to provide a certain sense of normalcy, so that by-and-large, we have been spared in most years from extremes, with the result that both drought and floods have been the exception rather than the rule.

Late yesterday, USDA granted $43 1/2 million wheat and flour authorization to Brazil under P. L. 480. By its terms shipments will be made over a 3 1/2-month period to export about 25 million bu in wheat equivalent. These shipments will be made between the middle of June and end of September, and this is quite a large commitment. In one way or another it often seems difficult at the beginning of the year to believe that we shall ship more than 400 million bu, but under the various governmental export programs, we seem to have not too much trouble to meet these goals.

Overnight weather disclosed rains up to 1/2 inch or more in the Regina-Moose Jaw area of Southern Saskatchewan, with an unsettled condition, while moisture in Manitoba was probably not wanted. In our Northwest there was some relief and the forecast suggests that there may be more. Fargo had 1.30 inches of rain, which was the heaviest of any of the reporting stations. We had reports that rye was doing poorly in South Dakota and that some acreage was being plowed up. In North Dakota, it was heading short but in Minnesota progress was fairly good. The Iowa weekly bulletin spoke of corn planting as being nearly finished. Ample moisture encouraged rapid and even germination. For the state as a whole, 80% of the soybean acreage has been sown. Some corn may have to be replanted and land may go into beans.

The statistics did not count for much today although primary wheat receipts were heavier than last week and last year. So far stocks at Kansas City and Minneapolis show a total decrease of 355,000 bu.

We had quite a bit of firmness today in the oat market and reports from downstate reiterated the damage from aphids, greenbugs and rust. Apparently deterioration is taking place with heads not filling,and farmers are unable to combat the disease. There was very little pressure here in wheat. The movement in southern Kansas seems to be starting with wagon prices running 4 to 7¢ under the loan, but at this level it appears as though more were going into storage than offered for sale. This is different from the situation in Texas and parts of Oklahoma where market prices were above the loan level. Kansas City wheat futures were firm which had some bearing on our market. The carrying charge spreads were mostly wider. July corn was firm but the deferred months again indifferent. Soybeans were lower for new crop months and crop reports generally continued favorable.

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CHICAGO, 4 June 11, 1959

After the close of the market yesterday, USDA issued an official report on crop production as of June 1st. Winter wheat showed a decline of 15 million bu from the May 1st forecast, indicating a yield of 941 million bu, which is about one-fifth less than the record 1958 crop, but is still 15% above average. The losses during the month recorded largely in Kansas and Nebraska have more than offset increases in Illinois, Michigan, Oregon, and several minor producing states. The indicated yield of 23.2 bu per acre for harvest is the second highest of record, and is well above average of 19.2 bu. Of course, when compared with last year's record yield of 28.4 bu per acre it makes a poorer showing. In the last ten years average changes between now and harvest have amounted to 72 million bu, and ranged from a minimum of 5 million to a maximum of 179 million bu.

The spring wheat crop was estimated at 240 million bu, which is a reduction of 15% from last season and is 8% under average. Despite a rather poor start, there were good rains over much of the major producing areas, so that by June 1st prospects had shown considerable improvement. In addition to this, while not shown in the report, there were some fairly good rains during the first week of June to further improve the outlook. Overnight there was some moisture, but mainly in the eastern sections of the Red River district, with Fargo, North Dakota reporting 1 1/2 inches of rain. Huron, South Dakota received nearly as much, but elsewhere precipitation was lighter. There is some chance, according to the forecast of scattered but light showers tonight or tomorrow.

Yesterday's crop report showed an increase of about 5 1/2 million bu since May in eight states from Missouri towards the east, but those crops will still be about 22 million bu smaller than last year's production. This is the main red wheat section, although some of these states undoubtedly produce some hard wheat, while Michigan and New York are predominantly white wheat states. Other soft wheat states in the Southeast and Mississippi Delta area will produce more than last year, and wheat moving to the Memphis area is selling at a very low cash basis, which would tendto channel wheat north of that area to Chicago at harvest time. Meanwhile, USDA is reluctant to issue export authorizations for red wheat at the present time.

The condition of rye was reported at 84% of normal, or unchanged for the past two months. There were declines in the Central and Northern Plains. The North Dakota condition was 67 compared with 75 average. South Dakota was 64% with 75% for the 10-year average. The condition improved in Oklahoma but remained unchanged in Minnesota. Unsettled weather has continued in Western Canada with some further useful precipitation. Indications are for clearing conditions in Alberta and Western Saskatchewan. The Canadian official report spoke of critically low moisture supplies except for Manitoba and pointed out that timely rains will be needed to prevent rapid deterioration.

There was nothing much in the statistical news. So far this week Kansas City and Minneapolis stocks show a total decrease of 560,000 bu. Broomhall reports that the U.S. wheat and flour shipments for the week amounted to nearly 7 1/2 million bu, and since July 1st we have exported practically 406 million bu which is an increase of 47 million over the year before. Thus the goal of 450 million bu is likely to be met. Corn exports of 2.8 million bu during the week raised the total since October 1st to 143.5 million vs 125.6 million the year before.

The rains in our Northwest and Canada must be construed as very helpful and there was also some hedging pressure today, but the market took it quite well and net changes were not important. At Kansas City there were several cars of new wheat in but the protein content is running low. This in our opinion means that there will have to be wheat on delivery, but at one time their July was strong compared to ours with apparently some spreads unwound. Most of the harvest around Enid, Oklahoma is finished, and there is likely to be increased selling there with prices above the loan, but farther to the north it is a different story. New crop corn and new crop beans were lower. Oats were also a little reactionary, but crop advices are not good and they seem to be coming from a wider area than yesterday. This should finally have an effect on the market. There was liquidation in rye. The market ruled lower but the sharpest decline was in July, while distant months were down less. There was support on breaks.

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CHICAGO, 4 June 12, 1959

It is interesting to note that last year the early lows in wheat futures both here and at Kansas City were made on July 1st. After that time, in spite of gradually increased crop prospects and a bumper yield that followed, the value of wheat increased, although fell off again during May. This does not necessarily mean that the pattern will be identical during the coming crop year because we are starting with fairly heavy stocks of wheat in Chicago, but at the same time the carryover supply of free wheat is hardly any larger, the loan is about the same, and we expect that there will be a continuation of export business stimulated very heavily by government programs. As we have pointed out right along when wheat sells at a big discount under the loan, the farmer has learned that he is better off to impound his grain than to sell it on the market. Since 1938 there have been some occasions where wheat had to be temporarily stored on the ground because adequate facilities were not available.

This is not the case at the present time even though the reserve stock is the largest of record. Elevator space has been increased to such an extent that we think a home can be found for most of the wheat that farmers wish to store. Thus, it would not surprise us if pressure on the markets would be light even during the post-harvest period. We heard from Kansas City this morning that there were some small hedges placed there on opening orders, and there was also some commission house liquidation, but apparently resting orders offset these factors, and while the market was a little lower there were no sharp declines. International uncertainty is increasing and the foreign ministers, meeting at Geneva, are apparently working on a day to day basis with Secretary Herter threatening to leave the conference unless Russia backs down on some of her demands with respect to the Berlin situation. This, however, has not been an influence on markets generally.

Early reports indicated a few showers in Canada and cooler weather - over the Western Provinces. There were likewise a few light rains in our Northwest, and the 5-day outlook is for probably 1/10 to 1/2 inch rain over the weekend. There has undoubtedly been improvement on both sides of the international line during the week.

An agreement was apparently concluded with Poland for 200,000 tons of wheat of which half would be hard and the balance soft winter. Some people have been worried that a possible change would be made by CCC in the selling of soft red winter wheat for export under P.L. 480. Apparently it is just taking a little time to conclude some of these agreements. Brazil is also expected to start buying early next week against its 700,000 ton authorization. The movement of red wheat is starting in the St. Louis area with heavy marketings in southeastern Missouri and around Memphis. Weather apparently is excellent for harvest except for isolated spots. The House yesterday turned down the Belcher amendment to the wheat measure. This might have a little more influence on the 1960 wheat crop futures which previously had been quite depressed. We also heard that Commodity had sold some beans at formula price which had been taken over on defaults.

Primary receipts of wheat were 1.4 million bu which compared with less than a million last week and 1.1 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 473,000 bu. When the wheat visible is posted on Monday it will compare with an increase last year of 3 million bu.

Trade was rather slow. However, there was a good deal of talk about further damage to oats and these reports came from a rather widespread area. Under the circumstances we feel that purchases can still be made. Later in the session we heard that CCC was selling some of its accumulated beans daily, and that they had liquidated several million so far. This has occurred in Ohio, Indiana, Illinois and Iowa. It is expected that they make take over as much as 75 million bu. In spite of this, the bean market was firm and it seems to be getting support on recessions. Corn was also firm, and there may have been some short covering prior to the weekend. Wheat prices were not much changed. There were a few cars appearing on the cash tables at Kansas City, and we heard that one of the cooperative companies was offering wheat to that market. Rye was in better demand and the market recovered some of its losses.

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CHICAGO, 4

June 15, 1959

As Congress continues to grope over a farm policy, particularly with respect to wheat, it might be interesting to see what some of the other major wheat exporting countries have done in an effort to solve their problems. Let us say at the outset that the objective in each case was about the same: namely, to assure producers a satisfactory level of income and to facilitate the movement of surpluses into foreign markets and to maximize foreign exchange earnings. In Argentine, every marketing season farmers are paid a government fixed wheat price, which normally remains constant throughout the season. However, for the 1958-59 crop year, prices were twice increased over the original level, and at present, farmers are receiving 200 pesos per quintal, which is equivalent to 80. 3¢ oer bu at the official exchange rate. However, this low price is not the one at which wheat exports take place. Farmers are required by law to sell all of their commercial production to the National Grain Board, but this agency does not export wheat, which fortunately is still handled by private traders. The Board sells wheat to them on a bid basis and before exportation, traders much pay a retention tax, which is also nationally fixed. At the present time this brings the export rate to $1. 57 per bu for grain in bulk and to $1. 81 per by for sacked grain.

In Australia the government does somewhat better for its farmers in guaranteeing them a minimum price which is equal to the current national average cost of production, as determined by the Ministry of Commerce and Agriculture. This price is guaranteed for all wheat consumed at home, and also up to 100 million bu of wheat or flour that is exported. For the current marketing season, the basic guaranteed minimum producer price figures $1. 62 a bu in our money. This is for average quality wheat in bulk at ocean ports. It is subject to premiums and discounts, according to quality. Farmers must sell their entire commercial production to the Board, which in turn sells wheat for domestic consumption at a price no less than the calculated national average cost of production. The exports are handled by the government agency or through private traders, who act on behalf of the Board.

Canadian conditions are better understood here. There is a Wheat Board, which is a governmental organization, and it is virtually in complete control of marketings. Farmers are not permitted to market their wheat in excess of their respective delivery quotas that are fixed from time to time. Every producer receives an initial delivery quota in advance of the marketing season and gradually as storage space becomes available, supplementary quotas are allocated. Farmers are paid a government fixed initial price at time of delivery and for some years this payment has amounted to $1. 40 bu for number one Manitoba Northern wheat delivered at Ft. William-Port Arthur, or at Vancouver. Other prices are fixed for different types and grades. If the net proceeds of the Wheat Board's operations are successful, farmers then receive a supplementary payment. On the other hand if the Board sustains an operating loss, farmers retain their original payment and the government absorbs the loss.

At a later time we shall describe the French system, which is complicated, and space is lacking here to outline the essential features. Nearly all of France's wheat output is soft wheat and in some years the surplus is fairly sizeable. Thus it can be seen that there is no free world market anywhere, and the subsidies which our government pays are to establish a competitive level for getting wheat into circulation.

Overnight weather was mostly fair in the Southwest, with a few rains in the spring wheat districts. Scattered showers are looked for in the 5-day outlook for the northwest areas.

Wheat primaries with Sioux City missing were a little larger than last year, and with dry weather over the weekend harvesting operations progressed – rapidly, but apparently there is considerable wheat going into storage. Nevertheless there was a fair amount of hedging here, but our market advanced sharply and we gained on Kansas City futures. The arrivals at Kansas City are all grading yellow hard with some excess moisture. Shorts covered and there was stop-loss buying here. Corn was quite firm and so were the deferred bean futures. The carryover feeling from Friday was friendly. Rye gained 2¢ per bu or more; the market appeared to have been sold out.

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CHICAGO, 4 June 16, 1959

We have in this country about 4 1/2 billion bu of storage capacity. Of this quantity approximately 3.6 billion bu is in position to accept government grain under the Uniform Storage Agreement. The rest probably is used by mills and operators who look more for the handling of wheat that will be processed and are less interested in obtaining favorable storage terms for their livelihood. There is also about 42 million bu of elevator space under construction, which will probably be completed either by harvest time or by the end of this year. Because of the enormous crops of wheat and corn that have been raised, the government has made it attractive for people both in and out of the business to build new facilities. Others found it profitable to turn their plants over to the handling of government grain, owing to the fact that merchandising opportunities have gradually decreased. During the past year 763 million bu, or 27% more of the elevator capacity of the country has qualified for the Uniform Storage Agreement. In other words, last year at this time there was only about 2.8 billion bu in this category. This clearly demonstrates that a large percentage of our crops is raised for storage and not for actual usage.

It is true that we are exporting heavy quantities of grain. More corn has left our shores than in a number of years. In the season about to close we will have shipped about 450 million bu of wheat, of a total of 1.2 billion bu that went into foreign trade. Our biggest competitor was Canada, which probably will ship about 320 million bu, but other countries like Australia and Argentina each will have shipped about 85 million bu, with nothing reported from Russia but sundry countries outside of France account for about 235 million bu, including some of the Balkan countries, which are not individually large contributors, but inthe aggregate form an important part of this picture. There are some bright lights in the export situation. Brazil will probably need 65 million bu of wheat this year compared with 53 million imported during 1958. That country's crop was reduced sharply by unfavorable weather. Then there is India, which has taken about a fourth of all the wheat that we shipped, according to the Ford Foundation studies. Unless she can triple her rate of food production by 1965-66, her projected population of 480 million people will suffer from acute food shortages. Everything possible is being done in that country to improve agriculture, with greatest emphasis placed on more extensive use of fertilizers. Plants will have to be built to meet the projected ninefold increase in the use of nitrogen and the verylarge increases in both phosphoric acid and potash. Irrigation facilities must be used efficiently, but this should be a comparatively easy problem since the potential water supply in that country is one of the world's largest. Hand-labor in meeting public works programs is slow but yet improving. UnlessIndia solves its agricultural problems she will probably continue to be a large customer of the U.S.

The Peavey crop report, speaking of Northwest conditions, was quite pessimistic in tone. Deterioration during the week occurred in southwestern North Dakota and west central Minnesota, as well as other areas. On the other hand progress in southern Minnesota and most of the Red River Valley was mostly good to very good. Texas Panhandle harvest is getting started with prices 3 to 5¢ over the loan. There is not much evidence of selling but farmers in that sector generally wait until harvest operations are completed. In Canada weather has been quite favorable for the Provinces. Broomhall spoke of drought which had severely damaged spring grains in some northern areas of Germany, especially on sandy soils.

The visible supply which was posted today showed an increase for wheat of 5 1/4 million bu. Harvesting operations are making progress with this weather, but, for example, around Hutchinson, Kans. the wagon price is about 7¢ per bu under the loan, so that a good deal of wheat is going into storage and not being sold. Kansas City futures, which had been relatively weak yesterday, firmed this morning. Our market regained early losses and closed higher. July beans were weak with some liquidation noted. Crop news is mostly optimistic. In corn there are some reports of dry areas in Iowa, where it has not rained in quite a while. We are coming into a period when hot weather becomes more of a factor, particularly unless there are intermittent rains. Rye made a good come-back after a weak start. Processors were good buyers of soybean oil, particularly the July future. This was presumably against export sales.

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CHICAGO, 4 June 17, 1959

We pointed out yesterday that total storage capacity of the country had grown by leaps and bounds, so that in a normal year the total wheat and corn crops could all be stored. In other words, there is about 4 1/2 billion bu elevator capacity in the U.S. that would accommodate this grain. About 80% of the warehouse facilities are approved under the Uniform Grain Storage Agreement and inthe State of Kansas alone there is 624 million bu of this type of space, which would be enough to store 3 successive large wheat crops without a bushel being sold. In the State of Oklahoma the average wheat crop amounts to about 71 million bu, although last year we had a bumper yield of 115 million bu. The amount of storage available in that state under the Uniform Grain Storage Agreement amounts to 176 million bu; so it is obvious that almost the same situation exists there. Texas has added tremendously to its storage facilities, and there is available nearly 542 million bu of space that has qualified for government warehousing, whereas that state only produces about 44 million bu wheat on an average. There are, of course, other grains and commodities that are tied up under the loan, as for example, milo, etc., but the figures tend to show that if farmers are inclined to hold, the facilities are available. In the State of Illinois, where large quantities of government corn are stored, there is more than 261 million bu that can be used for that purpose, although in the case of wheat, quantities are generally small in comparison. The same situation prevails in other parts of the country, and for example, Minnesota has nearly 236 million bu of storage space that is qualified for government storage. Iowa has 265 million bu; Nebraska 313 million bu, and the State of Washington 148 million bu. We could go on with the rest of the country at some length but have tried merely to point out the centers having largest capacities. Altogether the point is that the whole programof high supports has led to an entirely new era of withholding grain from commercial channels, but probably to the final detriment of the farmer, as there is always some concern as towhen these commodities will have to be liquidated.

We have said on so many occasions, and even before the vast accumulations took place, that there can be little dispute concerning the fact that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. It thus seems obvious that if the present bill before the Congress raises wheat supports further in return for acreage reductions, our problems may not be solved, and it is for this reason we believe there is a good chance that the President may veto a measure of this kind if it arrives on his desk.

There were some unexpected rains in Alberta, with indications that there might be half an inch of moisture across Alberta and Saskatchewan. Should this rain occur, it would be most timely, as Canada depends very largely on June moisture. There were also some good rains in our Northwest, heaviest at Jamestown, North Dakota, with a fall of 1.37 inches and lighter elsewhere. The forecast and 5-day outlook are for further showers and thunderstorms. These are also slated for Nebraska, Kansas, and Oklahoma in the winter wheat belt, with a good chance for rains over Iowa and Minnesota in the corn belt.

Primary receipts of wheat were a little under 1 1/2 million bu, which was more than last week, but a little less than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 122,000 bu.

Wheat was reactionary, but, of course, the recent advances were rapid, and with better weather in the spring wheat areas and a Press conference statement by Mr. Eisenhower that he did not favor higher supports, there was some selling. There was also a fair amount of hedging, and next week we think the peak movement Southwest will be over, but there may be some farm liquidation later on if prices advance. Meanwhile, a good portion of the Kansas wheat is being stored, although in Oklahoma prices are still slightly above loan levels. The flour demand remains slack. Corn planting is generally completed all over, including Iowa. The market was steady, but no particular feature. In beans, we note that CSS reports 9 1/4 million bu of soybeans liquidated from government stocks, of which more than half was sold in Illinois. This naturally affords competition to the free market and gives processors an opportunity to replenish stocks. July beans were off more than the deferred months. Rye reacted after several days of advances.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 18, 1959

The Congress is still working on an agricultural bill. Their purpose is to increase wheat loans to farmers who in turn will cut acreage. There can be little doubt but that surpluses are at the heart of our major agricultural problems today. For quite a few years since we have been at peace we have been producing more of certain major crops than can be moved through market outlets at prices above support levels. Some people are hoping that the rapid increase in population will solve some of our problems. We have now passed the 175 million mark, and current estimates are that our population may go up to around 230 million by 1975. This alone may not be a solution.

From 1938 to 1958, while population was increasing by some 32%, farm output was increased by about 50%. In other words, population growth, although it provided new customers, did not increase fast enough to even keep up with increased farm output. It is a fact that artificial price supports may often induce a change in the normal scheme of things. Under the incentive of high level price supports farmers are attempting to pushpossible gains from research improvements too soon or too far, and to pour capital more properly warranted for other uses into the production of crops that are already in surplus. In this way we have seen a heavier application of fertilizer, premature expansion of irrigation or drainage, the acquisition of more or bigger machines, more and wider use of insect sprays, etc. In other words, it has not been weather alone that has given us our bumper crops, but rather the fact that the farmers have been using better tools and cultivating land more intensively.

All this, of course, has increased the cost of farm operation, and has added to the inflationary peril.

Before our market opened there had been some rains reported in our Northwest, and the forecast is for scattered showers for the Dakotas and Montana. Altogether spring wheat has been benefited by this moisture. In the Southwest, ideal weather has spurred harvesting of wheat, and great speed has been possible in gathering crops. Considerably more protein is showing up with hot weather a factor in bringing this change. The shriveling of kernels has occurred and may bring about some loss of yields. In Oklahoma, the elevators have purchased a little less than half the wheat which they have taken in with price a big factor in this direction. Farther to the North the amounts going into storage are on a heavier scale. There were one or two cloudbursts yesterday in Saskatchewan, but at other points there was no appreciable moisture overnight. We are told that Canadian rye is about on a spread basis with Chicago. This may be due to the recent advances that have occurred here.

During the week wheat and flour exports, according to Broomhall, amounted to 4 3/4 million bu, with total shipments 412.7 million bu for the season, or an increase of 38 million bu over last year. Our total exports of corn are 147 million bu, which is an increase of 18 million bu over the year earlier.

Our Kansas City office reported that the actual amount of hedging has been light, but this is understandable since farmers are storing large quantities. There has been an unusually good demand on part of K. C. mills for the small amounts of free wheat which seem to arrive daily. At the beginning of the crop year their stocks were pretty well depleted, and they require sufficient quantities now to protect them against their daily grind.

Primary receipts of wheat amounted to 2,179,000 bu which compared with 1.2 million bu last week and the same last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 40,000 bu.

Wheat started without much change and there was a little buying later on when Kansas City futures became strong. Commission houses in the Southwest who are close to country shippers feel that high temperatures during the past 3 or 4 days have done some damage to the late wheat. This may have caused premature-ripening. We did not hear of any new crop wheat being purchased for Chicago overnight, but on the other hand there was some hard and yellow hard wheat sold from here for late July shipment via the lakes to an eastern mill. Best prices did not hold. The deferred months of beans showed comparative strength. There was some spreading between July and November at about 12 1/4¢ difference with a leading long here apparently liquidating July. Corn and rye prices were little changed.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 19, 1959

Secretary Benson commended the House action yesterday and thought that they had acted wisely in refusing to accept unfortunate legislation which would have intensified the present wheat crisis. He is no doubt mindful of the fact that by June 30, 1960, CCC investment in loans and inventories will reach a figure of nearly $10 billion. When this is contrasted to their position on June 30, 1952, during the Korean war, it will be remembered that the total investment then was only $1.4 billion. Wheat alone will account for nearly 35% of the total investment next year, while wheat and feed grains together will account for nearly 78%. These investments result from expenditures which are mandatory under present law, and over which the Agriculture Department has very little control. We have dwelt at considerable length in the past on storage and transportation costs, but it might be well to repeat here that in the fiscal year 1960, this will probably amount to $857 million, or at the rate of $2 1/3 million per day. Wheat supplies seem to be our major problem, and if the winter and spring wheat crops come through according to present promise, we shall probably have a reserve stock one year hence of about 1,435 million bu. This takes into account the exports, which are likely to be large again in the season ahead, and also takes into account that the major part of the wheat exports are sold for foreign currencies and not for dollars, so that we are amassing a good deal of foreign money which may not all be needed for judicious purposes.

Then we also have problems in the feed grain category, despite tremendous feeding and the large disappearance of corn. Nevertheless, corn, oats, - grain sorghums, and barley stocks have risen from 20.1 million tons at the beginning of the marketing year 1952 to 59.1 million tons for 1958, and it is expected that they will rise to 79.4 million tons by the beginning of the marketing year 1960. We have been fortunate that annual domestic consumption and exports in the same period have risen from 114.5 million tons in 1952 to an estimated 146.6 million tons in 1959. In this category also, most feed grain exports are subsidized and moreover, substantial quantities are sold for foreign currencies under P.L. 480. It should be noted that the huge build-up in CCC investment has occurred, despite the fact that since July 1, 1953, it has disposed of about $16 billion in acquired commodities.

Weather was mostly clear Southwest and there were a few light showers in the spring wheat areas, while indications in Canada were for settled weather over the West. The Searle Grain Co. Ltd. precipitation report spoke of improved moisture conditions in Alberta and Saskatchewan, as well as along the western side of Manitoba. Broomhall reported that rain had fallen in some sections of North Germany where drought had caused damage to spring grains. However, further precipitation is required.

The southwestern wheat movement continues but large quantities are still held for storage, while only small amounts are being sold. This caused early firmness at Kansas City, which had some influence here, whereas yesterday it was almost completely ignored. Early firmness in the cash meal market steadied July beans, even though CCC continues to liquidate its holdings with the grand total 11.6 million to-date, including nearly 6 1/2 million in Illinois.

Primary receipts of wheat were heavier and amounted to 2.6 million bu; this compared with 1.4 million bu last week and 1 million bu last year. Kansas City and Minneapolis stocks show very little change so far this week. When the visible supply is posted on Monday it will compare with an increase a year ago of 11 3/4 million bu.

Wheat prices here remained firm and might have advanced a little more had it not been for hedging in both the September and December contracts. Flour business was again quiet, but CSS was requesting offers on part of mills for some export relief flour for acceptance by June 26th. There were higher prices for beans and for corn, and in conversations with people close to farming conditions in Iowa, we were told they were becoming a little apprehensive over dry weather. The fall pig report showed a 12% increase and was construed favorable. There seems to be no immediate forecast for rain. There was some buying of new-crop beans, but July beans after an early advance reacted and apparently the government competition is a factor. Rye futures were higher, and there seemed to be very little pressure to sell.

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[illegible] Wheat alone will account for nearly 60% of the [illegible]

[illegible] which the Agriculture Department has [illegible] in the [illegible] storage [illegible] be well to repeat here [illegible] fiscal year 1953, [illegible] 735 million [illegible] the major part of the [illegible]

[illegible]

[illegible] It is now estimated that the farm [illegible]

[illegible] was [illegible] wheat [illegible]

[illegible] it was [illegible] compared to [illegible] question is [illegible]

The [illegible] government continues [illegible] which only [illegible] Section 22, which [illegible] completely ignored. [illegible]

[illegible] billion [illegible]

[illegible] 1.8 [illegible] with 1.4 in the [illegible] it will continue [illegible]

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1959

It is not too likely that we shall have new farm legislation before Congress adjourns. Instead of attempting to find a practical solution to our problems, every bill that came up in either the House or Senate was simply a warmed-over version of the old,outmoded and unrealistic programs that have helped to create the difficulties in which we now find ourselves. Most of the proposals have reduced acreage but almost simultaneously they increased incentives for farmers to produce more; therefore, it was self-defeating and never brought about genuine results. We cannot solve our farm problems by destroying markets which channel commodities into storage and make them sterile. In many cases these policies ignored supply and demand and thus discouraged efficient and progressive farmers, while at the same time they priced some of our products out of their markets. It seems pitiful that more emphasis is not directed towards the Domestic Parity Plan, which would give relief to farmers on that portion of the wheat which is consumed at home without providing so many incentives for overproducing for unwanted markets.

Before our market opened this morning, there had been some good rains reported in Alberta and some light showers, up to 1/4 inch, in Saskatchewan. In our Northwest there were some rather nice rains with the heaviest at Williston, North Dakota and at Bismarck, but in spite of these reports wheat opened on a rather firm note, and there was general commission house buying, but it was not accompanied by any sizable commercial business. There were heavy rains in the Southwest, particularly at Hutchinson, where more than 3 inches fell over the week-end, which will probably delay the harvest, and there was also a heavy downpour at Norton, Kansas. This moisture extended into Iowa, but it was light in the central part of the state, whereas the northern part had practically nothing. There was not much rain in other parts of the Corn Belt. We hear from friends in Canada that the rains accumulated since the 1st of April have done some good where previously deficiencies had been found in various parts of the country. The worse areas are still in central and southern Saskatchewan, where timely moisture will be required to insure reasonable crop progress. This area is primarily the large wheat-producing area, which encompasses a fair percentage of the flax acreage.

According to The Southwestern Miller, an unusually heavy amount of wheat is enroute to Kansas City, with indications that the week of June 29-July 4th will mark the crest of the move. It is difficult to tell what percentage is being sold, and how much is going into storage, but apparently there are a good many 15-acre farms, and it is apparently this source that is putting some free wheat in the market. Some of the higher proteins are bringing good premiums, and this wheat is for sale, but the ordinarywheat grading #1 hard or #1 yellow hard, which is selling at about 2¢ over Kansas City July, is about 10¢ under the net loan.

Primary receipts of wheat were heavy at 5.2 million bu, which compared with 3.4 million bu last week, and about 2 million bu last year. Chicago wheat stocks declined 470,000 bu for the week, still leaving 5 million bu here. Corn stocks declined well over 1 million bu, leaving 25 million bu in Chicago. There was an increase in oat stocks. Beans went down 142,000 bu.

Trade was extremely dull today, and considering that there were over 1,300 cars of wheat at Kansas City, both that market and ours were very firm, and it seemed that the little hedging pressure that was encountered was well taken. Both commission houses and locals bought wheat, and we had considerable firmness throughout the day. Corn prices did very little. The market held its recent gains, but there was no enthusiastic buying noted. Oats were lower, but there has not been any improvement in the areas where deterioration has occurred. In fact, around Gilman, Ill., some farmers were talking about turning their fields into livestock pastures. Hardly any attention was paid to the figures on corn impoundings. There will be a special report within the next few weeks giving more complete figures. July beans, which had been comparatively weak last week, firmed today on short covering, and this helped the rest of the market to some extent. The milling demand is still very quiet, and general commercial business is slow. Reports from the Texas Panhandle continue to tell of wheat selling at a price of 3 to 7¢ over the loan. There were some good rains in southwestern Oklahoma and central Texas, which are fine for milo. Rye futures were weak, and it is difficult to tell at what price CCC will sell its holdings. Most of this rye is in the Dakotas and can hardly be delivered here at present differentials.

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CHICAGO, 4 June 23, 1959

The Senate in a surprise move late yesterday accepted the House version of the Wheat Price Support Bill and sent it to the White House. Under its provisions farmers would get an increase in loans from 75 to 90% of parity for their 1960 and 1961 wheat crops. They would, however, have to agree on a 25% reduction in acreage allotments. As an alternative they could vote on marketing quotas in July, and if these were rejected by more than one-third of the growers, the price support would be fixed at 50% of parity. Democratic Congressional leaders are pretty well convinced that it stands virtually no chance of White House approval, as higher supports have been lashed by Secretary Benson, who for some time has been urging lower supports, with the hope that surpluses would build up at a slower rate. The new bill would limit price supports to any one farmer or corporation to $35,000. The situation now is back to the point that it was a month or so ago, but apparently the legislators did not wish to be accused of inaction but rather had hoped to place the blame on the President's shoulders if negative action were taken. Actually, there was only a small majority in the Senate that favored the new bill. The present legislation is less objectionable to the Administrationthan the original House measure.

The market was very little influenced by this change in attitude on part of the Senators. There was not too much in the news to influence the market except that there was some further moisture in the Northwest but, in spite of the recent rains, the condition of crops is widely variable, and according to the Peavey Report a fairly large proportion of the small grain crop is heading out on short straw. In general corn and bean crops look excellent. Another comment from the spring wheat area was that parts of the North Dakota crop would not harvest out well due to severe heat and winds which had dried the soil last month. Recent precipitation apparently was too late to prevent serious damage to farm lands in the central portion of North Dakota. There was some further light precipitation overnight in Alberta and some scattered showers across Southern Saskatchewan. In the Fort Worth, Texas, area there were heavy rains and showers in the Panhandle of that state were quite general. Farmers who had just cut wheat say that what had looked to be a 10-bu crop three weeks ago was cutting 20. The test weight was high in some spots and they thought the outlook was for a better yield than last season.

Here in Illinois oats have not improved, according to the Baldwin Elevator Report, and in fact condition has deteriorated. Some of the oats have been or are being plowed up for soybeans, but much of the acreage is serving as a "nurse-crop" for legume seeding, which growers will be reluctant to destroy.

According to the National Grain Trade Council, government officials had told them that CCC holdings of rye would be sold at 105% of the new loan. This apparently has been responsible for some of the recent weakness in the market, but we still have doubt as to whether much of the surplus in the Dakotas will reach Chicago to help build up our stocks. It is the same story, however, as with other grains, that the government on the one hand is offering an incentive to farmers to accept the loan, while that which has been taken over by default is being liquidated in competition with current marketings.

Primary receipts of wheat amounted to 2.3 million bu, which compared with a little less than 1 1/2 million bu last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of 63,000 bu.

Markets were all pretty much on the weak side. Some hedges came into wheat, and while there were a few places in Kansas that had reported rain, harvesting operations seemed to be making headway over rather large territories, and it is thought that by the end of the week it will have reached to the Nebraska border. Chicago free wheat stocks decreased 165,000 bu during the week, still leaving 4,684,000 bu here. Free stocks of corn have declined to 3.3 million bu, and this might still give us a tight situation in July if the out movement continues, but today all corn futures were lower and the impact of selling had its effect on oats as well. Rye prices weakened more after the severe decline of yesterday, and some statements coming out of Washington are to the effect that the government will sell its accumulated holdings at 105% of the new and reduced loan figure. Beans were quite weak and there are still 7 1/2 million bu here in Chicago with last week's decrease rather small. Apparently the government continues to sell the beans which they acquired through default.

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CHICAGO, 4

June 24, 1959

We are convinced that the rank and file of American citizens do not realize what is actually taking place through our agricultural programs. It took the Yankus case, which was certainly a deplorable situation in America to demonstrate to the American people that it was unfair and unsound to say to any farmer that he could not grow as much wheat as he wanted on his own land and to feed it to his own livestock. Yet this was the law, and so long as it was on the statute books, it had to be upheld. It was not until we accumulated a billion bushels of wheat and vast quantities of other commodities in government hands, with an investment of $9 billion of taxpayers' money, that the public appreciated what was taking place through the workings of an outmoded system of high price supports that kept various commodities above their intrinsic merit.

The sad part of it all is that by carrying on such policies, we are losing our markets and our freedom. We believe that people are becoming gravely concerned over a growing national attitude of dependence on government. The tendency seems to be to look to Washington for the solution of every problem. There is no poorer way to lose our American heritage of freedom than to let this tendency grow unchecked. In the past we guarded this freedom zealously and it was President Grover Cleveland who expressed the principle thus: "Though the people support the government, the government should not support the people." Until we awaken to the fact that we cannot fix prices unrealistically, we believe that agriculture will be burdened with too much government, too much politics, and too little common sense. The nobles and commons of Scotland 650 years ago sent their manifesto to the Pope: "We fight not for glory, nor for wealth, nor for honor, but for that freedom which no good man will surrender but with his life."

Before our market opening this morning, we had reports of some further showers in our Northwest and there were also light showers over the southern areas of the three Canadian Provinces, with further scattered thunderstorms forecast for this afternoon. Apparently these light rains are maintaining the condition of the crop at present, but a good, soaking rain is badly needed in virtually all areas of Alberta and Saskatchewan, as well as Western Manitoba. There is a severe drought still reported in the north and northwest sections of Germany, which is causing further damage to growing crops. Some light rain was received late last week in the affected areas but furnished little if any relief.

The President late yesterday had asked the Federal Tariff Commission to undertake an immediate investigation of the matter for continued import quotas of rye after June 30th. Mr. Eisenhower acted after being informed by Secretary Benson that if these restrictions were allowed to lapse, imports might reach such volume as to seriously damage the price support program for domestic rye.

According to Broomhall, the French wheat crop is estimated at 10,900,000 metric tons vs. 9.5 million harvested last year. Should this forecast be borne out it would furnish an exportable surplus of 3 million metric tons or thereabouts. The Illinois state report indicated excellent growing weather for corn but showers would be beneficial in most areas of the state. For Iowa both corn and beans would benefit from additional surface soil moisture but in general subsoil conditions are adequate to surplus for the state.

Primary receipts of wheat were quite heavy and amounted to 3 million bu compared with 2.2 million bu last week and only 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 413,000 bu.

Markets had an about-face and one of the best advances today was registered in oats following yesterday's heavy liquidation. The December future sold at a season's high and reports from the growing areas are still not good. Beans also did better, and much of the buying came from one of the large commission houses that bought new crop futures on a heavy scale, but the July future is being influenced more by continued government selling than by heavy crushings and the close was weak. Some disappointment is expressed by Broomhall in his Foreign Crop Summary. Conditions are spotty on the Continent and disappointing yields in early harvested areas are reported. Wheat was firm with no particular feature. Commercial business is still slow, but the post-harvest pressure has been comparatively mild, probably due to the fact that such large quantities are being withheld from the market.

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CHICAGO, 4 June 25, 1959

The weather map shows a showery condition over a wide area, which covers most of the important grain growing sections of the country. However, so far moisture has been quite scattered and in most places light. In our Northwest small amounts fell in some places but this cannot be considered as much relief due to the fact that topsoil is mostly dry and complaints have been general. The same circumstances exist in Canada and there is need for a good, soaking rain in their Western Provinces. Scattered thunderstorms are indicated for the corn belt but here also general rains are becoming necessary as there have been none for several weeks.

Today is the calendar date for buying new crop corn futures. Historically, market prices will show firmness from now through mid-August, as the crop is in its early stages and will be vulnerable to conditions affecting its growth. Normally July and August are hot, dry months and even though corn is a sturdy plant which thrives in a warm, humid climate, moisture is necessary,and the more the better - for development and top yields. In 1958, almost perfect weather prevailed throughout the summer, and despite reduced acreage resulting from the Soil Bank Program, a record crop was produced. Prices during the growing season never reflected any real concern for the eventual outcome, as there were never any serious damage reports and an almost ideal situation was evidenced throughout the growing period. This year's planted acreage would indicate another large crop in prospect, as restrictions have been eliminated and farmers were able to seed without limitation. In spite of subsoil reserves of moisture during the planting season, many sections of the corn belt have received little if any additional precipitation, and this is most unusual as June is generally one of the wettest months of the year. Consequently depletion of subsoil reserves will be quickened and unless adequate relief occurs in the form of general and intermittent rainfall, it is likely that yields could fall far below last year's record level.

The USDA announced that the 1959 crop soybean county support rates will be proportionately the same as last year. The 1959 loan is 24¢ below the $2.09 price allowed growers in 1958. The average loan figure in Illinois last year was 6¢ above the national average, which means that the sections that normally supply the Chicago market with soybeans will receive a rate of $1.91. Adding approximately 21¢ for handling charges and freight, the present price of November beans is just about equal to the support price.

Advices from Kansas City indicate that about 25 to 50% of the wheat in that territory, originating in eastern Kansas and western Missouri, is being sold. This covers most of the present shipments to that market and is inclined to be of lower protein value. Country prices are generally at about the loan level. With the extra amount of storage space which has been built the past year, southwestern operators are eager to secure wheat earmarked for the support program, and it appears as though ample space is presently available for this purpose.

U.S. exports of wheat and flour total 421 million bu according to Broomhall with less than two weeks to go in the crop year. This compares with 382 million bu in 1958, and likely will fall short of the government goal of 450 million bu. Shipments of corn since October 1st have amounted to 154 million bu vs 131 million a year ago. Rye exports totaled 8.7 million bu compared with 3.2 million in 1958. Primary receipts of wheat were 2,969,000 bu today versus 2,179,000 bu last week and 1,916,000 a year ago. Kansas City and Minneapolis stocks have increased a total of 688 million bu so far this week.

Our wheat market was a shade higher after the opening this morning, but weakened later in the session as trade was light and mill demand to this point has not been heavy. The brunt of the harvest movement in the Southwest will probably come during the next week and some hedges must be absorbed. However, storage space is still plentiful in the Southwest, and commercial business is almost certain to develop. Rye was also quite weak and this might be a result in part of the showery condition in our Northwest. Hearings will be held in Washington on July 13th regarding importations of this grain from Canada. The July bean future lost on other months yesterday, but today the reverse was true as July made up much of the ground lost yesterday, but there is very little reason for this as the CCC continues to sell from their stock of soybeans. Meal was very strong.

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CHICAGO, 4 June 26, 1959

Yesterday the President exercised his veto authority on a Congressional Farm Bill that would have restored 90% parity while substantially reducing acreage. No one can say for certain whether or not this bill might have cured some of the agricultural ills, but one thing is sure, we are farther from a solution than ever before, and there is such a divergence of opinion as to a remedy that it is unlikely that any measure will be passed at least for the 1960 crop year. Mr. Benson dislikes high loans but has discovered that the Soil Bank is worthless as long as limitations are confined to acres instead of bushels. For political expediency, the majority of the nation's legislators cling to the high loan theory as they fear the repercussions of reducing federal aid. Other constructive ideas recommended by national farm groups have been discarded so far for various reasons. For example, the Direct Subsidy Plan, which might substantially reduce government costs, should at least be given serious consideration, especially when it is admitted by the nation's leaders that present programs in all forms have failed miserably. A recent nationwide poll showed that 8 out of 10 farmers desire greater freedom and less government in agriculture. The President himself has repeatedly stated that the vast sums spent to build up and pay for surpluses should instead go for research and education.

Although the loan level is the same for this year's crop as it was in 1958, the Department of Agriculture has made a forecast of higher wheat prices in the coming year. This is based partly on patterns established in recent years but is bolstered by some encouraging statistics. For example, this year's record carryover is mostly isolated from the market, having been placed in government storage. The crop presently being harvested will total almost 300 million bu less than the preceding year, and as we have mentioned before increases in storage have made available substantially more space than in 1958. Prices are seasonably low as wheat combining will reach its peak in the next week or two. Last year the crop low in July futures was registered on the first of the month, and this year's crop is more advanced in many areas.

The weather map still shows unsettled conditions over wide areas and some rains were received in parts of the corn belt overnight. However, they were isolated and local in nature and reports from Central Illinois show none were received in any of the main corn and bean producing areas of this state. The scenery is beautiful, as crops earlier were aided by substantial amounts of subsoil moisture, but many of the areas are now dry and unless there is relief, damage reports are likely in the next few weeks. Some rainfall has also been received in our Northwest and Canada the past 24 hours and predictions are for more in the form of scattered showers. Temperatures are unseasonably warm. Broomhall, commenting on European conditions, states that beneficial rains have fallen over wide areas of Germany where drought had been causing concern, but more rain is needed as it has been quite dry.

The crop summary issued by the Quaker Oats Company verifies other reports of yellow dwarf in oats in eastern Kansas as well as much of Nebraska and Missouri. Some counties in Iowa as well as a large portion of southwestern Minnesota, eastern South Dakota, central Wisconsin and much of the central sections of Illinois and Indiana are also affected. Damage runs from moderate to near total.

Although trade was not heavy this morning, there was a fair amount of activity pricewise. Late in the session wheat firmed as there is still not much hedging pressure, and exporters and speculative shorts were the best buyers. In the Southwest demand for hard winter wheat is exceptionally good with more caution being exercised regarding the high protein variety. Bakers are encouraged as the value of protein appears to be generally quite high. New crop corn was firm as it is becoming more apparent that moisture will be needed in order for crop development to progress in a normal fashion. The July future failed to maintain the pace, and it is thought that some shipments of Minnesota corn might be made to this market. Strength developed in old crop beans despite the fact that the government continues to sell heavily from their stocks, and present indications are that they will continue to do so. July meal made additional gains with processors the best buyers, and the cash basis strong.

When the wheat visible is posted Monday it will compare with an increase of 16 1/2 million bu in 1958.

UHLMANN GRAIN COMPANY

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MERCHANTS EXCH. OF ST. LOUIS

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 29, 1959

Based on the most recent government estimate, 1959 wheat production will be close to 1,182 million bu, which will fall well below last year's record production. Despite this, July 1st supplies will amount to 2,473 million bu, 5% more than the same date in 1958, and this represents an all-time high for wheat supplies at the beginning of a crop year. The increase results substantially from the fact that exports and domestic consumption naturally failed to keep pace with the amount of surplus grain available the past year, and the carryover alone is forecast at close to 1,283 million bu. This amount of wheat by itself would be sufficient to meet domestic needs for two years without even taking into account the additionally large amounts that are presently being harvested. It is predicted by the USDA that possibly 630 million bu will be consumed domestically in the coming crop year, and this slight increase over the present season can be attributed to the fact that our population is constantly increasing. The best assumption regarding exports is that 425 million bu will leave these shores in the 1959 crop year, and this would be a slight decrease from the preceding season, due to the fact that a more favorable outlook is evident in foreign lands, especially those which are normally import nations. If these statistics become a reality, then the carryover one year hence can be expected to exceed 1,400 million bu, and this figure would establish another record.

Weather continues to play a prominent role in the news guiding our markets. The best moisture over the week-end occurred in the wheat belt, especially Southwest, where it is no longer desired, as far as wheat is concerned, as it only tends to delay harvest operations. Quite good amounts also fell in our Northwest and will certainly be beneficial for all crop progress, as subsoil reserves were being diminished and there was a real need for this rainfall. As a result of the precipitation in Canada, any immediate fear of crop failure in the Western Provinces of that country have been dissipated, and there is a general improvement regarding the growth of all grains there, As far as the U. S. corn belt is concerned, the greatest relief came in the western sections, particularly Iowa, although showers were not general and some areas were missed entirely. Illinois received less than any state and most places are still dry, though the 5-day forecast indicates possible relief.

A reliable downstate Elevator Company comments that this is the kind of weather that soybeans like, as they are not vining and joints will be closer together. Concerning this crop, as well as corn, this source also states that one advantage of the dry weather is the elimination of drowned-out spots, which were prevalent last year, and if favorable weather occurs henceforth, this will show up in resultant larger yields.

According to Broomhall, dryness was relieved over large sections of Western Germany last week, following a protracted droughty period. Although there has been some deterioration not only there, but in other widespread areas, due to unfavorable weather, France appears to have escaped any adverse effects thus far, and recent official estimates place wheat production at 10.9 million metric tons, which would be close to a record for that country, and compares with 9.5 million obtained last year. Devasting floods in parts of Mainland China could contribute to a famine and food may have to be obtained from other parts of that vast country, as well as from Russia.

During the week stocks of wheat in Chicago declined 412,000 bu leaving 4,682,000. Corn increased 383,000 bu and there are now almost 25 1/2 million bu in local elevators. However, free stocks are small. Oats decreased 18,000 bu, and all rye stocks increased 80,000 bu. Nearly 1/2 million bu of soybeans were shipped from the city, and supplies now amount to 7,101,000. Primary receipts of wheat are 6,210,000 today vs 5,281,000 bu last week and 6,209,000 a year ago this date.

With a great amount of storage space still available in Kansas City competition has become quite keen among elevator operators and they are now accepting up to 14% moisture at no discount in an effort to gain a return from their empty bins. Wheat was firm most of the session as hedging pressure is still quite light. July beans lost ground as demand was light and CCC continues to sell from their stocks. Tomorrow is the first day of tenders on the July contract and free supplies of both wheat and soybeans indicate there might be some deliveries. Rye was weak.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 June 30, 1959

Today marks the end of another crop season in wheat. While we shall not have the official carryover figure until July 24th, it is estimated that the reserve stock tonight will be 1,285 million bu, which is a new redord for all-time. However, the bulk of the carryover will again be held by CCC. The crop, including winter and spring varieties, was estimated on June 1st at 1,182 million bu. Thus the total supply on hand should also be a record, amounting to 2,473 million bu, including some small imports that are expected from Canada. This would be 5% above the previous record of 2,352 million bu a year earlier, and 29% above the 1953-57 average of 1,921 million bu.

On the face of this, one might naturally assume that the wheat situation is very bearish. However, an analysis will prove otherwise. First of all, the government estimates that our domestic disappearance in the season ahead will reach a figure of 630 million bu. They also assume that exports, while a little smaller than for the current season, will approach a figure of 425 million bu; therefore, the disappearance in these two categories will account for 1,055 million bu wheat. Inasmuch as the total production is only expected to be 1,182 million bu, it is quite obvious that we would only have to impound 127 million bu to create an equal balance between demand factors and the free supply. We exclude in these calculations any wheat that might henceforth come out of government stocks, or which might be exported from CCC holdings, but in any case nobody can forecast this early what those probabilities might be. Last year, we had a record season for the amount of wheat that went under support. Actually 609.5 million bu went into the loan with subsequent withdrawals, but the average actual price to growers was about 10¢ under the gross loan, and apparently this influenced farmers to withhold their wheat from the free market. Here in Chicago through relatively high prices early in the year fairly large quantities of red wheat remained, and the total reserve stock for the country is now estimated at about 21 million bu, or an increase of 15 million over last year when stocks were undesirably low. It is also believed that if exports of soft red winter wheat aremaintained at about the same level as for the 1958-59 season, which is almost up to average, there will be no change in the reserve supply one year hence.

The bulk of the carryover in the year-end figures will be concentrated in two classes. The stocks of hard winter wheat are estimated at about 926 million bu, which is an increase of 312 million over last year. The spring carryover is placed at about 257 million bu, up 56 million. Stocks of both will be at an all-time record high.

We have spoken on several occasions of the big exports to India, and in the season just closing wheat and flour shipments are about 120 million bu, which is more than one-fourth of the total.

Primary receipts of wheat were 3,308,000 bu which was quite heavy, and compared with 2,323,000 last week and 3,123,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 651,000 bu.

There was some pressure on the market, but it was mostly on the July and September futures, with a slight widening of carrying charges, and about a 10 1/8¢ span from July to December. Noon deliveries on July contracts were 2 3/4 million bu, and there were also some light deliveries in Kansas City..

There was nice moisture in Iowa, and some in our Northwest, with probably some scattered showers to follow. The weekly grain report issued by the government spoke of some substantial and very-much needed rains in the spring wheat areas, with resultant improvement to the crop outlook as compared with a week ago. The rye and flax acreage in northern sections was expected to benefit greatly from recent rains, except for slighted areas of So. Dakota. The development of corn continues to be rapid under the influence of generally above normal temperatures. Plant progress is well ahead of last year, and the condition of plants is generally good with minor exceptions. Moisture supplies seem to be mostly adequate for corn, but need replenishing soon in some of the areas to retain current-promising outlook. Heavy rains in the Southern Great Plains assure a good prospect for corn in that area. While corn was slightly lower due to the optimism expressed in this report., oats seemed to firm, while the rye market, which had been weak yesterday, recovered substantially. Aside from wheat tenders, there was little grain on delivery.

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CHICAGO, 4

July 1, 1959

We are starting the new crop year today, and after the winter and spring wheat crops are harvested, we shall have the largest quantity of wheat on hand that we ever had at the beginning of a season. The chances are that the amount of free wheat in the carryover reserve will be a little larger than last year, but yet it is fair to assume that the bulk of the reserve will be found in government hands. There was 71.1 million bu redeemed last season from the quantity that went under loan, but actually 416 million bu had been delivered to the Commodity Credit Corporation on defaults, and there were other quantities of about 20 million bu that were turned over to them from purchase agreements. Through May 31st, producers had resealed 27.5 million bu of 1958 crop wheat, and had also extended reseals on a small quantity of grain from prior crops. Thus it can be seen that the trade will be largely dependent on the amount of wheat that is presently being harvested, and, of course, it will also be important to follow closely the quantities which are placed under support in the months ahead.

The government has forecast that U. S. wheat prices will drop seasonally, but that the decline will not be as far below the support level as it was a year ago, and possibly not as far below the support as the average, owing to the fact that there is adequate storage space available for loan wheat due to the extensive new construction. Likewise production is considerably less than last year, and lastly, the production of wheat not eligible for price support will be greatly reduced from the high level of last year. USDA concludes that the low price for winter wheat probably should have been reached by late June or by early July, while the spring wheat low will occur later. In 1958, hard winter wheat prices at Kansas City reached their low on July 1st, and those of spring wheat in Minneapolis on August 22nd.

As we mentioned yesterday, exports of wheat and flour in the season ahead may fall somewhat from the 450 million-bu figure that is expected to be shown for last season's crop. European production has in most instances been satisfactory, and, furthermore, after 40 years Russian exports are again reaching the high volume attained during the early 1900's. Exports for 1958-59 may reach about 160 million bu, a volume exceeded only by the U. S. and Canada. Despite these large shipments, Soviet exports of wheat to western markets before last season showed relatively little increase. The primary reason for this important development is that Eastern Europe, formerly a surplus area, has found it necessary in recent years to import increasingly large quantities, primarily from the Soviet Union. During the current year, Soviet exports to western markets will reach around 40 million bu, a post World War II record. There is also another factor to be considered: namely, that our shipments to Japan seem to be dropping off, and in the season which closed yesterday, we shipped about 20 million bu less to that nation than we had the year before. Supplies of wheat for export and carryover in the four principal exporting countries on June 1st totaled 2,142 million bu, which was an all-time high, and 383 million bu greater, or 22% more than a year earlier. Thus it is apparent that competition will be great although with about 60% of our farm exports moving out under federal subsidy programs, we still enjoy some advantages in being able to attract foreign customers.

Primary receipts of wheat were 2.8 million bu compared with 3 million bu last week and 3.6 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.1 million bu.

Wheat prices were mostly firm. The heavy tenders on the July contract yesterday went mostly to commercial interests, and deliveries today were comparatively small at 105,000 bu, with a small quantity of beans also tendered, and a few contracts of lard. There is still not much pressure on the wheat market, and rains in the central areas have prevented any heavy offerings of soft wheat to come to Chicago. The moisture which was heaviest in Iowa was construed as a little bearish on corn. The moisture in Illinois was lighter. Beans were weaker and while the July future resisted selling early it finally gave some ground. There was some local selling in the rye pit but the volume was not big; prices, however, were lower. Much of the nation's inland waterways barge traffic came to a halt this morning due to labor difficulties. There may have been a slight improvement in the flour demand, but it is still rather quiet and mills are not offering products on a big scale. Mills bought some wheat futures early, but otherwise there was not much feature.

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CHICAGO, 4

July 2, 1959

We are beginning to realize that water is no longer, if it ever was, ypically a free good. Ground water, indeed, is an exhaustible resource in many reas, though means of replenishing depleted supplies are coming into use. This may seem strange to those who reason that 71% of the earth's surface is covered by water, yet the fact is that during the last fifty years our per-capita consumption of water has doubled. To produce a bushel of corn it requires about 10,000 gallons of water; a bushel of oats takes about 7,000 gallons, while a ton of cured alfalfa hay needs about 200,000 gallons. Across the nation there is growing concern about adequate supplies of usable water. For all purposes we require 1,200 gallons each day for every man, woman, and child. Consequently, the water problem is more or less a new experience to many Americans who recently encountered difficulties in larger cities during periodsof rain deficiency. Within the past five years 1,000 communities have had to ration water.

In view of the fact that the month of June was a dry one over many sections of the corn belt, there had been a little apprehension as to whether crop scares would have more than the usual effect, with surface conditions indicating almost the immediate need of rain over large sections of the belt. In the meantime, we have had wonderful moisture in Iowa, and to a lesser extent rains have occurred over Illinois, with the result that the outlook has greatly improved. July is very often dry, and consequently, we require good soil reserves for the corn belt to thrive. At the moment the outlook for both corn and beans seems to be very satisfactory and apparently the precipitation came in time to prevent setbacks to both crops.

Galvin's estimate of the corn crop, indicating production at 3,897 million bu, confirmed satisfactory conditions as of this date. Recent moisture and heavier acreage were the important factors. The oat crop is reduced to 1,164 million bu, but this came as no great surprise. However, the winter wheat estimate of 913 million bu was quite a drop from a government forecast of 941 million bu in June, and likewise the spring wheat estimate of 209 million bu was a substantial reduction from the government figure of 240 million bu. It is possible that the official acreage used by USDA may have been too high. The soybean acreage of 23.1 million acres indicates a crop, according to the expert, of nearly 533 million bu. This is somewhat more than had been generally expected, although when compared with last year's crop of 574 million bu, which was a record, it would tend to prepare us for some curtailments except for the fact that the carryover reserve will be ever so much larger.

According to Broomhall, the U.S. wheat and flour shipments last week were 5.2 million bu, which according to his figures brings the season's total to nearly 428 million bu. However, there is sometimes a slight discrepancy between this data and official government figures. Therefore, we may still have closer to the 450 million-bu mark, which had been forecast earlier. Canadian exports of wheat so far this season show a slight decline from a year ago. Our total corn shipments to-date are 158 million bu, or roughly an increase of about 25 million bu over last season. Likewise our exports of soybeans at 84 million bu are larger than the 69 million bu shipped up to this date a year ago.

Primary receipts of wheat were quite heavy and were nearly 5 million bu which compared with less than 3 million bu last week and 3.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of about 5 1/2 million bu. When the visible supply of wheat is posted on Monday it will compare with last year's increase of 11.3 million bu.

Wheat was firm and while best prices did not hold, a good deal of attention was paid to the private estimate which cut production 59 million bu from the June government report. Oats which were similarly affected by the poor crop outlook reacted with the close not much changed from the day before. Corn was a little weaker but not very much considering the very optimistic outlook, and both the Illinois and Iowa crop reports were significantly favorable. Beans were higher on small buying orders and lack of pressure. The rye market did not hold its advance, and in fact there was a sharp reaction when tenders on the July future of 100,000 bu were announced. The forecast is for mostly sunny skies and moderate temperatures over the corn belt. The Continent bought a cargo of corn and fair amounts of soybeans for October-November shipment.

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CHICAGO, 4 July 6, 1959

We have spoken frequently about the effects of inflation on various segments f the economy and some of the basic causes affecting this situation. We are in an ra of high spiraling costs, and one of the most important results is the fact that he United States is pricing itself out of foreign markets. A good part of the large unds donated to foreign nations has been used to develop the industrial and economic rowth in those respective lands, and it has developed that production of goods by hose countries now compete with exportable items raised and manufactured in the Jnited States. In some instances items that were once high on this country's export ist are now being imported as relatively cheap foreign labor allows for low cost roduction, and consequently products can compete with domestically manufactured items. The net result is that U.S. exports in the first 10 months of the 1958-59 iscal year were 9% below the same period a year earlier. Major declines were evidenced in both agricultural and industrial commodities with the largest reductions in metals and automobiles.

Farm yields are subject to a great extent to weather and growing conditions, and will naturally vary in size from year to year. However, since the end of World War II foreign countries have steadily built up self-sufficient farm economies, and, as crop output constantly increases, demand for U.S. grain naturally declines. Technical advances both here and abroad encourage this situation, especially when we note that agrarians from other nations have made frequent trips to this country to study land utilization in an effort to put into practice American technical know-how in their own respective lands.

During the 3-day holiday weekend rains fell in many sections of the country-with the heaviest amounts in the Southwest. As the wheat harvest is fairly well consummated, this additional precipitationwill benefit small grains that are growing in those areas. Not too much rain was received in the corn belt except for the western sections, especially Nebraska where as much as 2 inches fell in Hastings Friday night. The 5-day forecast indicates additional amounts for the corn and bean belts which would be beneficial. Moisture was received in our Northwest as well as Canada, and this along with fairly adequate amounts received the past few weeks have greatly improved the situation in those areas. As a matter of fact one Canadian source reports that conditions in Western Canada have improved so much that as of today they are better than they have been in a couple of years. As a result theyoptimistically state that a better than average crop is likely, and it appears that all grains including wheat, oats, barley, flax and rye have been equally favored. Broomhall commenting on the foreign outlook states that dryness over large areas threatens to curtail production. Wheat yields in Western Germany and Italy have been adversely affected. However, reports from France are optimistic in spite of recent hot weather.

There has been some flour business developing in the Chicago and surrounding Central States area and most purchases have been of soft wheat variety. This mill buying helped lend firmness to the Chicago market early in the session as prices were firm, and even though harvesting operations in the red wheat belt probably will reach a peak this week, hedging has been rather light as prices are well below the support figure and early indications are that substantial amounts will no doubt be held off the market and may be earmarked for the loan unless cash prices improve materially later on.

For the first time in quite a while Chicago stocks of wheat increased 401,000 bu. There are over 5 million bu in local stocks. Corn also increased 749,000 bu. A slight decrease in beans leaves a total stock of over 7,092,000 bu. Total supplies of rye in Chicago amount to 715,000 bu.

Although best prices did not hold as some hedging pressure developed, wheat nevertheless was firm in relation to most other grains. Kansas City July maintains its premium over its Chicago counterpart, as reports from the Southwest indicate space is plentiful and many elevator operators are offering inducements in order to gain grain for storage. As ideal growing conditions prevail and reports of excellent crop progress are made from country sources new crop corn and bean futures continue a downward trend, as the outlook is for sizable yields in both commodities. July corn was very weak as liquidation was general and the cash basis was lower. Rye prices were about unchanged after firmness earlier.

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CHICAGO, 4

July 7, 1959

The stock market yesterday achieved new heights, and a good many people are beginning to question what is behind this rise after more than seven years of a bull market. It is true that sales volume of products has expanded markedly over the late 1957 period. For many lines sales have been increasing so strongly that it has been difficult, or even impossible, to carry inventory to the desired point. Looking ahead to the second half of the year's business, gains may not necessarily keep up, and in fact some hesitation in the third quarter is already being suggested.

We have, however, another factor that cannot be overlooked. The net public and private debt outstanding at the end of 1958 reached $770 billion -- an annual gain of $34 billion compared with $29 billion in 1957 and $35 billion in 1956. An advance of more than $8 billion in the net federal debt in 1958 was the largest for 13 years, and nearly offset the reduction in the two previous years. For 12 years starting in 1947 the net debt has increased by $373 billion, with roughly $100 billion added each three years since 1949. One of the disturbing aspects of the federal debt is the discouragingly large proportion financed by short term obligations --with 45% of the publicly marketable issues maturing within one year. This produces a vexing problem for the Treasury, and until higher rates can be paid on bonds maturing in five years or more it seems virtually impossible to meet added money requirements, or to carry out new refunding except with more short term securities. Under such conditions one naturally asks whether the commodity markets may not also be affected by these fiscal matters. We have learned by experience that during periods of inflation all commodities do not advance in the same proportion, and those which are over-produced, as was the case with coffee during World War I, remained at a depressed price level while other commodities in short supply went up rapidly. There is obviously too much wheat and corn in the reserve stock to permit sharp advances as government holdings, which were intended as a prop to prevent declines, are also available to the open market by certain formulae when strength appears.

Before our market opened this morning we heard that there had been a fair quantity of family flour business overnight for national brands, and it was said that one large baker had bought a two-weeks supply. This might be the start of a good business. As yet the export market has not been of much help, but we have no doubt but that better business will be provided before long. There is further confirmation of drought damage in northern parts of West Germany, and to some extent European crop prospects have not been entirely maintained. There was some moisture in our Northwest, and probably more to come, but according to the Peavey crop report there are many sections of South Dakota and southern North Dakota where small grains have not improved with the recent good weather, although the larger areas of North Dakota and Minnesota still have a satisfactory outlook. Corn in that area continues to make good progress, and soybeans are also getting along well.

Primary receipts of wheat were quite heavy at 4 1/2 million bu; this compared with 3.3 million bu last week and 3.7 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1 1/2 million bu. The wheat visible was posted late yesterday and showed an increase of 17 1/2 million bu. Total stocks in all positions are nearly 388 million bu, or 72 1/4 million more than a year ago. The visible supply of beans decreased 647,000 bu, with remaining stocks at 12 1/2 million bu, or nearly 2 million more than last season.

In today's trade the July wheat future was the strongest, and there was some buying against flour sales, as well as absorption by commission houses, but the distant months were neglected and they were lower. Beans were higher on moderate buying, but the July delivery was under pressure. Corn was up on short covering, but the July future which had been so weak yesterday was only a shade higher. There was a good deal of buying in rye, with a commission house prominent on the buying side. The Winnipeg market kept pace pretty much with us. Weather in Canada seems to be satisfactory, and the disturbance that centered around Bismarck, North Dakota had sent some showers to southeastern Saskatchewan and southern Manitoba yesterday. Showers are expected in the Province of Alberta tomorrow. The premiums for red wheat are high enough so that it makes it unattractive for elevator houses to put wheat away at the present basis.

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CHICAGO, 4 July 8, 1959

For the past two years the hog-corn ratio has been very favorable. For example, the proportion at Chicago was 17.8 a year ago, but at the present time stands 11.9. We have also had a huge corn crop, and these two factors have been quite instrumental in bringing about a rise in production of hogs, with the resultant decline in prices. Early in 1958 the hog-corn ratio stood at a record high, but recently this ratio has dropped to about the normal. It will probably stay close to normal in future months, which should tend to slow up the current uptrend in hog production. However, it may not stop immediately, and if farrowings should be increased much further in the spring of 1960 prices in the fall of that year could be seriously depressed. The hog production has continued upward, and the 1959 spring pig crop was 12% larger than the same crop of last year. Producers' intentions are for 8% more farrowings this fall than last fall. If carried out the fall crop would be 27% greater than two years ago. According to the USDA, a 1959 pig crop of 104.5 million is now in prospect. This would be about 10% larger than the 1958 crop, and it would exceed all post-war crops. Thus we are assured of more pork per person in the next twelve months than in any year since early in the 1950's.

Before the market opened this morning we had reports from Washington that the Agriculture Department had definitely set the national average support price for the 1959 wheat crop at $1.81 per bu at the farm level. Currently the wheat supply relationship would indicate a support level of 75% of parity. Since parity on July 1st was $2.36 per bu, the government had to adhere to the advance minimum support which had been announced in May, 1958. Loans will mature in most states on March 31, 1960, but will come due a month earlier in some of the Gulf areas. All this came as no surprise.

We also had reports of very fine moisture in the Northwest, with 1 1/4 inches at Minneapolis and 1.65 inches at Rochester, Minn., while smaller falls were reported elsewhere, except for Fargo, North Dakota where they had 2.38 inches. According to the five-day weather outlook there is a chance for some rains over the Corn Belt states, and in this connection we note the Illinois weekly crop bulletin which spoke of rapid progress for corn during the week, with stalks 4 inches taller than average. The more advanced fields are 5 feet tall compared with 4 feet a year ago. Condition of the crop is slightly above last year, and also better than average. Shortage of moisture, common to most areas of the state had not hurt corn seriously in most cases yet. However, they say that rain will be needed soon as some fields are beginning to tassel. The condition of soybeans is about the same as last year, and equal to the average for this date. Weather conditions in Western Canada are said to be ideal.

Australian wheat shipments for the week were very heavy at 4.1 million bu vs only 1.1 million the previous week. Total exports since January 1st are nearly 46 million bu, which is more than double that of the season earlier. Thus the remaining surplus amounts to about 104 million bu, which is large, and compares with 27.2 million bu last year, and 91.4 million two years ago.

Primary receipts of wheat were close to 3 million bu, which was just slightly more than last week and compared with 2.5 million last year. Kansas City and Minneapolis stocks of wheat showed a total increase of 2,187,000 bu so far this week.

There was a fair trade in wheat today. A broker who presumably was representing a large mill bought a considerable quantity of July wheat, which narrowed the spread between it and the deferred months. The market, however, did not hold, as apparently some hedges were encountered, but these came mostly in September and December. Corn was somewhat lower, and there was a report that a steamer had cleared with 275,000 bu for Buffalo. In the export field, Germany bought approximately 560,000 bu of wheat and the U.K. bought a cargo of 14% protein hard. There were both reports and denials on the Brazilian business but we think it was placed, although there was not much evidence of hedge-lifting. India was inquiring for wheat, and Formosa seems to be in the market for a cargo of soybeans, with the possibility that they did buy 8,000 tons. Japan may have also made a purchase here. The state reports were mostly favorable with respect to corn and beans, Iowa claiming that rains during the past week were beneficial to crops. Rye was unchanged to a shade lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 9, 1959

After the close of the market yesterday there were a number of reports issued by the Department of Agriculture. They gave figures showing that there was 376 million bu of the 1958 corn crop under price support and purchase agreements at mid-June. This was a small increase from the previous figure and may be considered as practically a complete report on activities for the season. In view of the fact that last year's crop was nearly 3.8 million bu, it shows that less than 10% of the corn was impounded. About 40% came from farms that were not in compliance with the 1958 acreage allotments. Another report from the Agriculture Department announced an advance minimum national average support price for wheat at $1.77 per bu for the 1960 crop. This is available to farmers only if marketing quotas are approved by producers in the July 23rd referendum. A loan of 75% of the estimated parity will furnish these supports, but if parity prices next June 30th are higher the loan would increase, but in no case would it be lower. An early announcement of this sort is to enable farmers to decide whether or not they wish to vote affirmatively on quotas, and also they may base their acreage on the definite knowledge of what the next wheat loan will be. If marketing quotas are disapproved the support level in the commercial wheat producing area will be at 50% of parity or a national average of about $1.18 per bu. Compliance with allotments would still continue to be a condition of eligibility for the lower price. Under these circumstances non-commercial support rates would be at 75% of this lower figure.

There were no particular surprises in either of the statements coming out of Washington and therefore attention was focused more on other matters. Late yesterday it was apparent that the market was encountering more wheat hedges than heretofore. This had given us a sell-off from the higher market that had ruled early, but in any case the carryover feeling from yesterday was slightly bearish, particularly as it is regarded likely that tomorrow's government report will show fully as high a production for both winter and spring wheat as was indicated by a private expert earlier this month. There was not much moisture over the Corn Belt except some light rain around Lake Michigan. The early forecast indicated possible showers for Indiana and Ohio. One of the discouraging features at the present time is that with wheat export business that is being reported to various countries not many hedges are being lifted. This may be due to the fact that wheat is available in the country and already there have been fair tenders on the July contract at Kansas City. Heretofore most of the elevators in that territory were satisfied to fill up with government storage. This year, however, they were not finding it quite so easy to get CCC storage, and as a result they were forced to buy some of the grain that came to market, and probably more was delivered on futures contracts in order to better utilize storage space.

From Canada we heard that the late June rains which had been quite general throughout the Prairie Provinces had helped crops considerably according to a Bureau of Statistics report. The early seeded crops in the previous dry areas which were beginning to head have apparently not responded as well as the late seedings.

Primary receipts of wheat were 4.1 million bu which compared with 4.9 million last week and 2.8 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2 3/4 million bu.

The wheat market was a very quiet affair. Prices were lower, and this is the period of the year when hedges are naturally put into the market, but with the holding tendency on part of farmers there has not been as much pressure as in other years. Some export business was reported overnight, with 8 cargoes of white wheat sold via the West Coast, but this seldom affects the Chicago situation. However, there were two cargoes of hard wheat sold via the Atlantic to Yugoslavia, and a cargo of red wheat to Poland for July-August shipment. The corn market - was very firm in spite of the fact that two of the large processing firms had withdrawn from the spot market pending settlement of labor difficulties. The fact that Illinois received so little rain was undoubtedly a factor. Beans were a shade higher for the distant months, but July weakened in spite of a little buying by one of the industries. Flour business has dropped off and is only of moderate volume, limited mostly to spot and early positions. The export flour demand is also slow. Rye prices were somewhat higher, and about the only selling seems to be liquidation from time to time from longs.

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CHICAGO, 4 July 10, 1959

At the beginning of the week wheat stocks in Chicago totaled only slightly in excess of 5 million bu, and the major portion of these supplies were carried over from the previous crop. In other words, the accumulation of 1959 wheat has been slow to develop. It is true that recent freight rate changes have diverted many bushels to the East Coast for export, and wheat ordinarily transited at Chicago bypassed this market altogether. Some elevator men are confident that eventually between 12 and 15 million bu might be accumulated in Chicago, but in order for this to happen, cash premiums in this market will have to come more in line with those at the eastern ports. This situation has lent strength to Chicago futures, particularly the nearby, as purchase commitments have been in the futures market as the newly harvested country wheat in large part has moved directly to the Seaboard.

It is quite likely that farmers will approve a 75% of parity loan and acreage allotments equal to this year's when they vote in the July 23rd referendum. Assuming that they do, then the wheat loan next year will be no lower than $1.77 per bu national average which at the gross figure totals about $2.07 per bu Chicago. New July wheat is currently selling more than 25¢ per bu below this anticipated support level and if this premium becomes a reality, it is likely that the price of the 1960 July future could appreciate in value during the course of the year and possibly long term gains might be realized. In the meantime political wrangling continues between the Administration and Congress in a last minute effort to pass a new law before the referendum date less than two weeks hence. Mr. Benson flatly stated yesterday that he does not approve of giving one additional cent in loan benefits while the Congressional agricultural committees are diametrically opposed to the Secretary's ideas of price supports for wheat based on 75% of the average market price over the preceding three years. It is questionable whether any constructive measure will be forthcoming from this deadlock.

About the only moisture overnight was in the Northwest where quite a bit has accumulated recently. However, little more than a trace occurred anywhere in that area the past 24 hours. Otherwise the map is clear and new crop corn and bean futures were firm from the start this morning as no rains were received, and the 5-day forecast is not very encouraging. Although state reports have indicated that both these crops appear in excellent condition in most instances, warnings have been issued that if precipitation is not forthcoming in the next week or two, some widespread repercussions might be evidenced. Rainfall is also quite badly needed over much of Europe according to Broomhall due to reports that temperatures in many countries have approached the 100 degree mark, and this extreme heat has hastened moisture evaporation and intensified droughty conditions. Thus far spring planted crops appear most severely affected, and to this point very little damage has occurred as far as wheat yields are concerned.

Although there was very little activity in export flour business, wheat sales were again consummated on a fair scale according to The Southwestern Miller, and this has been reflected somewhat in our market. Cash prices remained firm particularly on the East Coast and there was some buying by exporters in the pit. As a result markets were firm in spite of the fact that harvest operations in the central states are widespread. A tendency has developed for red wheat farmers to hold their grain which is contrary to practices of past years. The main feature in the market was dry weather which we mentioned earlier and prices responded further as stop-loss buying orders were executed. There was further liquidation in July beans as the government seems willing to sell and local stocks remain large. There have been fair deliveries on this contract. After the close of the market today the government will issue a crop report as of July 1st concerning production of wheat, corn, rye, oats, barley and flaxseed. They will issue an acreage figure for soybeans; however no estimate of bushels.

Primary receipts were 4,271,000 bu today compared with 3,498,000 bu last year. Kansas City and Minneapolis stocks increased a total of 3,349,000 bu thus far this week. When the wheat visible is posted on Monday it will compare with an increase of 18,349,000 bu in 1958.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 13, 1959

There were some genuine surprises in the figures issued Friday by the government in their crop report as of July 1st. Least of these was the estimate of wheat production expected to total 1,154 million bu. This is 27 million bu below the previous accounting and consists of 932 million bu winter wheat in addition to 222 million bu planted this spring. Recent rains in the Northwest might aid somewhat in increased yields, but the total crop probably will not vary greatly from this published amount, and when added to the carryover reserve of 1,285 million bu a record supply will be available for the coming year.

Early predictions that farmers would take advantage of the comparatively high corn loan in 1959 have been verified. In many cases this cereal has been planted at the expense of soybeans, and gigantic record production of 4,224 million bu is forecast. A need for rain throughout much of the corn and soybean belts became apparent late last week, and market prices firmed accordingly. Since little moisture was received over the weekend and only scattered showers are in sight, some deterioration could occur insofar as corn is concerned. In the meantime, on the basis of the figure released Friday by the USDA in addition to the stocks available for the carryover, there can be little concern at this time regarding total supplies at the start of the new crop year.

A recent private report indicated in excess of 23 million acres of soybeans might be harvested later this summer, and on the basis of 23 bu per acre, an overall crop of 533 million bu was thought likely. However, the government is not so optimistic as they indicate less than 22 million acres will be available for harvesting, and though they give no bushel figure it seems fair to assume by the same calculation that close to 500 million bu will be raised. In the 1958-59 crop year we will consume approximately 535 million bu, and as about 65 million bu will be available from the carryover, it appears as though a much closer adjustment might be likely in September 1960.

The USDA confirms the damage done to oats as a result of green-aphids and yellow dwarf as production is now expected to be only 1,010 million bu, a reduction from private estimates and 400 million bu below that raised last year. Domestic consumption of rye in 1958 totaled more than production in 1959 currently estimated at 21 1/2 million bu. If exports are equal to this year's total of about 8 million bu, then an obviously tight situation could exist. Since most of the 10 million bu in CCC stocks are presently north of this market including 6 million bu in the Dakotas and Minnesota, the Chicago market must improve in order to attract these supplies. Currently the government is selling this grain at $1.20 basis Minneapolis, and the freight to Chicago is 16¢, which means better prices are necessary in order to build up local reserves.

Friday's government report also included stocks of grain on farms, and it is apparent that utilization of corn has been heavy. During the first six months of the year 143 million bu more have disappeared from farms than the like period a year earlier. This can be attributed in large part to increased animal consumption. In spite of the record crop of soybeans in 1958, farm stocks are only 10 million bu greater than the 26 million on hand July 1st last year. Since many beans have been re-located,net disappearance of this commodity cannot be readily determined.

With the addition of 2 1/2 million bu this past week total wheat supplies in Chicago now stand at 7,630,000 bu. Corn stocks decreased slightly, and a little over 26 million bu still remain in local elevators, most of it government-owned. An increase of 185,000 bu oats make total supplies 1,457,000 bu. There are 972,000 bu of rye in Chicago as a result of a slight increase. An additional 283,000 bu of beans place the net figure at 7,375,000 bu.

Markets reacted to the release of the government figures, and from the start soybeans, in particular, were quite firm. The rye and oat markets were also higher, as the size of these respective crops have been materially reduced from last year. Dry weather must be considered a market factor, particularly in Illinois, where very little moisture has been received, and were it not for this fact the almost astronomical corn figures estimated by the government would most likely have caused a further break as far as that grain is concerned. Wheat hedging remains light, and continued export inquiries helped maintain firmness in that cereal.

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CHICAGO, 4 July 14, 1959

Recent estimated production figures make apparent the fact that the American farmer in most cases will again enjoy a most prosperous year. Farm yields in 1959 should be second only to last year's record level as 340 million acres have been sown to food producing crops. Though Soil Bank restrictions make this acreage figure a smaller one than previous years, it is nevertheless more than was planted in 1958 when ideal growing conditions resulted in unusually large returns. It is interesting to note that in spite of constantly higher prices for most items throughout the country, inflation has not influenced farm prices and crop values have not appreciated relative to other consumer goods. Actually the opposite has occurred. The stimulation of production has resulted in the accumulation of surpluses. Consequently, values have lessened and even government payments through the loan program have decreased on a per bushel basis in an effort to reduce supplies and stabilize markets. Needless to say this artificially stimulated price plan has failed, and the farmer in a constant effort to share in an expanded economy has been forced to produce ever increasing amounts so that his net income can increase accordingly. Newer more advanced methods and excellent weather have favored his plight. Farming is a livelihood which has on the whole been profitable, especially for those who have been engaged in it on a large commercial scale. Evidence of this is the fact that in March of this year per acre value of farm land in the U.S. reached an all-time high, 8% above the same month last year and double since 1946. Including land and buildings, total U.S. farm land is currently worth $125 billion. Of course, increased population and greater urban expansion play a roll, but more important is increased farm income and the fact that land values fluctuate accordingly.

There was very little in the overnight news to guide traders at the opening. Almost 1 1/2 million beans were tendered on the July contract, a good percentage of them having been put out by one firm which caused early liquidation in that future and as the new crop months are still very much influenced by Friday's government report, a firm undertone further narrowed the spread between old and new crop months. No moisture was received throughout the Central States and, as we have emphasized, some will be necessary particularly in Illinois, as subsoil is becoming quite dry. Up to this time there have been no reports of deterioration, but general opinions concede that the early favorable crop progress will suffer a setback if rainfall does not come soon. There is an indication of slight scattered showers in the next day or two, but the weather map does not show any general relief. Some moisture fell in the Southwest, particularly in Kansas, and this will benefit milo in particular which is growing there.

While discussing crops in the Northwest, a private report indicates grain growing in South Dakota, southwestern Minnesota, and southern North Dakota is in poor condition except for the Red River Valley which mostly shows prospects for a good crop. Soybeans and corn in those areas look good though there are moisture deficiencies.

Primary receipts of wheat amounted to 6,635,000 bu today compared with 4,511,000 bu last week and 2,268,000 bu a year ago. Kansas City stocks increased 932,000 bu so far this week. Free stocks of Chicago wheat increased 2,622,000 bu this past week, and now total over 7 1/2 million bu. Free corn stocks decreased 117,000 bu, and 4,182,000 bu remain.

Mills continue their aggressive policy of buying protein variety wheat in the Southwest, but the country movement appears to have tapered off as harvest nears completion in most areas. Otherwise, export demand is temporarily quiet and the wheat market in Chicago has been fairly inactive as the commercial demand and hedging pressure have both lessened in volume. Most of the excitement in our market prevailed in the soybean pit again as prices firmed after the opening, and a rush of short covering set off stop-loss buying orders. When we questioned our downstate offices as to the effects of dry weather on the crops we received a diversity of opinion, but on the whole they do not believe that much damage has been done as of yet, although they confirm the fact that rain is necessary within ten days to relieve the very dry situation. Corn is most susceptible. As far as beans are concerned they are now blooming and there is not much indication of a drop in yields as yet. Rye prices were higher again as there could be a very close adjustment of supplies.

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CHICAGO, 4 July 15, 1959

Weather is an influential feature of every person's daily life and to varying degrees affects each of us constantly. Most people are bothered only insofar as how to dress or whether or not they can picnic in the park. Generally speaking, they don't care if it ever rains again. This attitude is not shared by the farmer who spends each anxious day observing climatic conditions, moisture reports and subsoil reserves as a determinant of his very survival. All the federal aid and price support programs can be for naught if Mother Nature does not comply, and she, like most women, has the final say. In this respect we are currently in a crucial period of the corn and soybean growing season, and though some areas have benefited to a greater degree than others, there are sections in the latter category that are extremely dry and in need of immediate rainfall. Most important is the large producing central belt of Illinois where reports indicate a great moisture deficiency. Precipitation in the month of June was the lightest on record, and except for isolated showers many planted fields have not had a drop of rain in July. Sub-soil reserves are depleted and if relief does not occur within the next week or so, serious repercussions could result. Other major producing states, Iowa in particular, benefited by general heavy showers during the past few weeks, and though no immediate danger is apparent there, intermittent rainfall will be necessary in order to insure top yields. The forecast does suggest possible showers over a wide area in the next five days, but these predictions are least optimistic for the more dry parts of Illinois. Because of the tremendous amount of corn anticipated for harvest this fall, it is still much too early to become a pessimist regarding this grain. Although soybeans can thrive through longer periods of dryness, the expected size of this crop does not permit much leeway for losses, and if any are incurred a more important end result will be felt marketwise. At any rate, extreme caution must be exercised during a weather market, and it will be important to see whether the showery condition forecast in the 5-day outlook materializes.

The weekly crop bulletin indicates just about all of the oats are ripe in Illinois and 60% of the crop has been combined compared with less than 5% a year ago. Yields have been very poor in some spots due to insects and diseases, but fairly good in others. These conditions are probably representative of wide areas of oat producing land, and since supplies of this grain are comparatively small at the start of the crop year, it is likely that prices can improve later on. The government is still selling from their stocks, and this has kept some pressure on the market.

Though more rain was received in varying amounts in our Northwest the past 24 hours, a report yesterday from Minneapolis talked of high temperatures and went on to say that if they persist for a week or so, some of the more promising fields might be hurt during this critical growing time. As far as Canada is concerned, Broomhall claims that conditions are very satisfactory over the Western Plains, and with 2 million more acres seeded to wheat than a year ago production should be excessive. If this comes to pass, that country might add materially to its already huge surplus stocks.

Our rye market has been firm since the bullish government report issued last week, and in that regard we can expect with the next week or 10 days a decision from Washington regarding import quotas for the coming year. Although less than the recent year's 3 1/3 million bu was asked for, the chances still appear good that the quantity will probably be the same. Even if Canada does supply this country with that amount, there will be a very close adjustment between supplies and consumption including exports from this country, and since Chicago is not on a shipping basis with our Northwest, higher prices might be necessary for a movement of that grain to this city.

Primary receipts of wheat today were 3.0 million bu vs 2.9 million bu last week, and 2.2 million last year. Kansas City and Minneapolis wheat stocks increased 1,682,000 bu so far this week.

The wheat market ruled extremely quiet as no export business was reported and flour sales have been mostly for July or for a week or two into August. July beans were under pressure early due to last night's tenders of 1,175,000 bu. There were sizable hedges placed in November, and it is evident that the country has been a good seller of new crop beans on the recent upturn in the market. However, beans continue to hold firm due to lack of sufficient moisture relief.

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CHICAGO, 4

July 16, 1959

Ordinarily during the harvest period of any grain pressure develops from hedge selling, and prices often at least come close to their low point for the season. Though this is historically true for wheat, it was not the case this year. The opposite occurred as futures in Chicago approached their season's highs as the country movement began. Since more than an ample amount of wheat was raised, supply and demand factors cannot be blamed for this unusual price pattern, but instead it appears that the effects of the support program have created a changing pattern of farm selling over the past years. The trend is now for farmers to hold their wheat in reserve wherever possible in hopes of better values at a later date, and, if they do not occur, then they place this grain under loan. Of direct benefit to the nation's producers is the tremendous amount of storage space that has been built the past few years. In Kansas alone 676 million bu of commercial space is available, an increase of 202 million bu in the past year alone. On June 1st of this year 462 million bu or 68% was filled, but the remaining empty area was enough to handle the entire 1959 harvested wheat in that state. It is no wonder that elevator men were offering incentives to growers to take advantage of these empty bins, especially when it becomes known that the CCC storage capacity in Kansas is 45 million bu which is not included in the above figures. Most of these elevator additions have been in the vicinity of terminal markets, and present building plans indicate that by fall private ownership of storage space in Kansas will total 728 million bu which could accommodate more wheat than is consumed domestically in this country per annum. Additionally, many farmers throughout the country have provided farm storage of their own, and in the North-Central territory in particular where wheat land is normally a small portion of the soil sown to grain, farmers have reversed past practices of moving this grain from farm to market, and this year there has been an increased holding tendency by these growers.

The same widely scattered moisture pattern appears on the weather map this morning, and as of this writing a few sprinkles have been received in some of the drier sections of Illinois. Some of the heavier amounts were in the Springfield vicinity where .22 inches occurred up to 7:00 A.M. this morning. The Weather Bureau in that city says "The triggering action is very weak and we do not believe our dry spell is over." Since the map is still unsettled, we may not know for another day or two just how much moisture will be received. The Indiana weekly state report says drought conditions are developing in the west, most severe in the west-central and extreme northeast where some areas have received less than 1 1/2 inches of rain the past 45 days. Farther west contrarily, the Nebraska weekly bulletin indicates corn continues to make good progress although approximately one-half of the counties in that state are still short to some degree of sufficient sub-soil reserves. High temperatures continue in the Northwest and very little rainfall occurred there overnight.

Primary receipts of wheat totaled 3,943,000 bu today vs 4,141,000 last week and 3,011,000 a year ago today. Kansas City and Minneapolis stocks have increased 2,141,000 bu so far this week.

Markets were generally weak during the session, although wheat was not affected as much as other grains. Some hedges are still being placed in local futures, but India was expected to buy wheat overnight, and according to advices did not do so as offering prices were too high. Cash prices in the Southwest remain firm, and there is a fair volume of current flour business. Profit-taking on a large scale in soybeans was due largely to reports of some moisture, and as new crop months had made gains of over 9¢ in the past three days it was understandable that these reactions occurred. Though moisture has been light so far, the official mid-day forecast suggests widely scattered thundershowers, spreading over most sections of Illinois, and moving into Indiana tomorrow. Consequently, caution is being exerted on part of traders until it can be seen to what extent these rains develop. Further deliveries on the July contract caused narrowing, and at one point these old crop bean futures carried only 1¢ premium over the September. Wednesday is the final day of trading in all July contracts, and it is noteworthy that corn currently has the largest open interest with over 8 million bu of July still to be settled. Although the spot basis has again firmed and prices are quoted close to 5¢ over, there still is over 4 million bu of that grain in the free stock in Chicago. Rye was also very weak and profit-taking was the major factor.

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CHICAGO, 4 July 17, 1959

Last week crop analysts in Illinois indicated that if general rainfall was not received within ten days serious loss would result in corn and soybean yields throughout the state. That period of time has elapsed, and except for isolated instances no measurable amounts of precipitation have occurred, and as temperatures have moderated it is becoming more doubtful each day whether final results will approach earlier optimistic expectations, even if weather is favorable from now on.

The government corn forecast of 4 1/4 billion bu was based on a per-acre yield of 50.1 bushels, very close to last year's record return of 51.7 bu per acre national average. Considering the ten-year average yield of 40.6 bu per acre one can appreciate the wide ranges that do occur in comparative growing seasons, though presently the drought is confined only to some areas, and much of the corn producing territory shows up considerably better. However, moisture has been less than normal over the entire belt. Soybeans will be affected in much the same manner. Yields should be well below last year's record of 24.2 bu per acre, and since the acreage is smaller any loss of this commodity likely will be felt to a greater degree, as a close adjustment already exists between production and utilization. Overnight showers failed to materialize on a wide scale, and except for one or two reporting areas in Illinois, the rains that were received hardly settled the dust. The map still shows pretty much the same conditions are apt to prevail for the next few days, and it is still possible that some relief will occur; however, it does not appear as though it will be widespread.

The crop summary by the Quaker Oats Co. stated that drought has already caused severe damage to corn in eastern Missouri, as well as central Illinois, northern Indiana, southern Michigan and northwestern Ohio. They verify other reports that yields have already been cut as much as 25 to 50% from a normal crop in these dry locales. Growth of this grain appears from very good to excellent in eastern Kansas, northwestern Missouri, eastern Nebraska, all of Iowa, eastern Minnesota, southern Wisconsin and northern Illinois. Heavy rains in Iowa during the first week of July will be a partial offset to other damaged croplands, although more will be needed intermittently.

With so much concern regarding weather and its effect on the corn and soybean markets, there has been a comparative neglect of wheat, which is unusual since we have been in the midst of the harvesting season particularly in the sections of the country which generally supply Chicago. In spite of this, market activity has been quiet, and with the movement in full force stocks of this grain are not being built up as would normally be expected in local elevators, partially because of recent freight rate changes which favor a movement to the East and also, as we mentioned yesterday, additional storage facilities have prompted a holding tendency by farmers. One exception to this latter trend is in the Southwest where the high protein value of hard wheat is bringing premiums, and farmers have been more willing sellers. Otherwise commercial users have not filled their needs, and the necessity of obtaining supplies as the season progresses could be a price factor, as constant demand for this grain would keep the wheat market firm.

Primary receipts of wheat with Sioux City missing totaled 3.2 million bu today compared with 4.2 million last week and 3.1 million a year ago today. So far this week Kansas City and Minneapolis stocks have increased 2 1/2 million bu. When the visible supply is posted Monday it will compare with an increase of 12.6 million bu in 1958.

As the morning progressed markets became rather dull as there was little else in the news and with an uncertain weather picture, caution is being exerted on part of traders as they show an unwillingness to carry large positions over the weekend. Wheat was a shade lower again but the market is listless and right now flour and export business is quiet with few sales being transacted. 1960 crop wheat futures were also weak, but if the referendum which is being voted upon next Thursday by farmers is approved, a minimum loan of $1.77 will be in effect with acreage allotments equal to this year. In that case, purchase of these futures carries a minimum risk. Corn was inactive although July remains firm as shorts are concerned with the fact that very little of this grain is coming to market. Rye became quite firm with prices up as much as 1 1/2¢, as statistics favor the long side. Oats were draggy.

UHLMANN GRAIN CO.

Last week crop analysis in this [illegible] general rainfall was reported within [illegible] would result [illegible] yields [illegible] the state. That [illegible] amounts of precipitation [illegible] it is becoming more doubtful [illegible] approach earlier optimistic expectations, even if weather is favorable [illegible]

The government [illegible] of 4 1/4 million bu was [illegible] very close to last year's record [illegible] average. Considering [illegible] average yields of [illegible] the wide ranges [illegible] occur in [illegible] growing seasons, [illegible] the drought is confined only to [illegible] and much of [illegible] showing [illegible] However, moisture [illegible] over the state [illegible] Yields should be well below last year's record of [illegible] the average is [illegible] of this season [illegible] as a close [illegible] already [illegible] Overnight showers [illegible] The map will show pretty [illegible] for the next two days, and it is still [illegible] it does not appear as though it will [illegible]

The crop summary, by the [illegible] caused severe damage to corn in [illegible] northern Indiana, southern [illegible] reports that yields have already [illegible] in these dry localities. Growth [illegible] central Kansas, north central [illegible] western Missouri and [illegible] the third week of July will [illegible] will be needed intermittently.

With so much concern regarding weather [illegible] soybean markets, there has been [illegible]

In spite of this, market [illegible] been quiet, and with the [illegible] ready with as we [illegible] in local elevators, partially [illegible] of recent freight rate changes which favor movement to the East and also, mentioned [illegible] have prompted [illegible] farmers. One exception to this latter trend is in the southwest where the [illegible] value of hard wheat is bringing premiums, and [illegible] selling. [illegible] needs have [illegible] filled their needs, and the necessity of obtaining supplies as the season progresses could be a [illegible] factor, as [illegible] demand for this grain would [illegible] market firm.

[illegible] million bu compared with 4.2 million [illegible] and [illegible] million a year ago today. [illegible] this week Kansas City and [illegible] stocks have increased 2 1/2 million bu. [illegible] the visible supply [illegible] it will compare with an increase of [illegible] 6 million [illegible] in 1956.

In the [illegible] trading was [illegible] dull as they were [illegible] in the near end with an [illegible] in weather [illegible] caution is [illegible] of traders as they [illegible] to carry trade positions [illegible] Wheat [illegible] but the market [illegible] flour and export business is quiet with few [illegible] Oat futures were also weak, but [illegible] is being voted upon [illegible] by farmers is approved, a minimum loan of $1.77 will be [illegible] to this year. In [illegible] Corn was inactive [illegible] the fact that very little of the [illegible] to market [illegible] will [illegible]

DAILY MARKET LETTER

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 20, 1959

It should be very gratifying to those who have spent long years working out a program for shipments over the St. Lawrence River to see the extent of grain that is passing through that water channel. At the start there were a good many difficulties as there always are when any new form of transportation is begun. There were a good many kinks that had to be straightened out, but we find that from the opening of navigation which was around the end of April to July 10th, 57 million bu of grain were shipped either for export or to Canada for consumption or for storage pending later overseas shipment. The amount of wheat which was thus transported was comparatively small at 4.3 million bu, but corn was the largest item handled with 21.3 million bu shipped together with 11.6 million bu of oats, and 10.6 million bu of barley. There was also a total of nearly 5.6 million bu of beans shipped via the lake route, and a smaller quantity of flaxseed. All together these shipmentsof grains and other commodities comprise 29% of the 194 million bu total U. S. exports during that period. One feature, however, not to be forgotten is that lake transportation is limited by weather, and there will be many quiet months during the winter when shipments will not be possible.

We are having probably our largest export year in feed grain exports, which are likely to reach 11.1 million metric tons, versus 8.4 million a year ago. This increase of 20% is encouraging with grain sorghums adding greatly to the total which are apt to run 124% more than 1957-58 clearances. However, since 1954-55 when European countries started building up their herds the world feed grain exports have been enlarging. It is estimated that world feed grain exports are expected to exceed the 19.2 million metric tons exported last year. Canada shipped a larger quantity of barley but this was more than offset by a smaller movement of oats. Australian exports of both oats and barley are slightly below last season, and many other countries that generally export feed grains are showing slight declines with barley exports from France greatly reduced.

Before our market opened this morning there were reports of rain over the week-end and they varied from nothing at all to as much as 3 inches over the corn belt. For example, there was no rain at St. Louis during this period while at Springfield, Illinois which is not so far away, they had anywhere from 1/4 inch to more than 3 inches. Further north in the Bloomington area there was 1/2 inch of moisture, and it became heavier around the lakes but the 5-day forecast is rather encouraging, and with these combined factors corn prices were somewhat lower at the opening. Wheat which was steady was helped by the purchase of about a month's flour supply by one of the leading bakeries, and it was thought possible that othersin the industry would follow suit.

There were some showers over the week-end in southern Saskatchewan and southern Manitoba with further widely scattered showers and lower temperatures forecast for today. All in all, warm sunny weather during the past week has helped crops in all districts. Two days ago there was some heavy rain but it will require more intermittent moisture to make the crop. This is due largely to the fact that wheat is in the stage of rapid growth and is, therefore, drawing heavily on moisture reserves. In west-central Manitoba, the Peace River Valley, and other parts of Alberta the plant requires rain almost immediately to protect present prospects.

Chicago wheat stocks increased 3,210,000 bu, building up the supply here to 10.8 million bu. Locally the corn stock decreased 647,000 bu, leaving 25 1/2 million bu here. There was a big decrease in beans of 925,000 bu, cutting the Chicago supply to less than 6 1/2 million bu.

The wheat market was influenced by hedge-lifting, and apparently the flour businessnecessitated buying of futures by mills. This gave the market a good undertone. India and Poland both bought wheat here. Corn and beans started lower, but apparently traders in beans felt that the rains had not been sufficient to bring about much recovery. Also they had in mind the lower bean acreage, and when locals bought stop-loss orders were uncovered, so that the market advanced, making many crop highs. Corn, on the other hand, remained rather weak for old-crop months, and we had the first tenders of 400,000 bu on the July contract by two elevator concerns. Deferred deliveries firmed. The cash demand has turned poor, and country offerings were considerably better downstate. Rye prices were firm, particularly for the July future. We again caution everyone that there are only two days remaining for the settling of July future contracts in the pit.

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CHICAGO, 4

July 21, 1959

According to statistics gathered by the U. S. Department of Agriculture, merchandisers and processors continue to depend on hedging as a means of reducing price risks although total volume of trading in futures markets declined this past year. For example, wheat trading in all futures markets amounted to 4.4 billion bu in the year ending June 30th compared with 5.2 billion bu the year before. Soybean volume also decreased substantially, but of the 2.8 billion bu traded, the Department estimates that hedging interests used this market to a greater degree than the year earlier as a result of large supplies from the record production of the 1958 crop. Wheat and corn hedging did not change substantially although total volume of trading in the former grain declined 16%. The media of trade that increased the most were the commodities in which there is relatively no government control, namely soybean oil and meal, and as far as the latter is concerned 18.8 million tons, three times the previous year's volume, were transacted on the Chicago Board of Trade. It can thus be seen the type of markets both volume and pricewise that would be available to both commercial and public interests if they were not subject to price supporting schemes.

A downstate elevator company commenting on Illinois talks of sub-soil moisture depletion over wide areas of the state. In Decatur less than an inch of moisture was received from the first of June to the 17th of July when this report was issued. Since that time some rains were received in the form of weekend showers and varied depending on the locale, but even where they were heaviest it can only be considered temporary relief. Overnight it was clear throughout Illinois, but the forecast indicates scattered showers over almost the entire corn and soybean belt during the next 24 to 48 hours. This report went on to say that corn is about 10% hurt in many sections, and some of our offices downstate advise that damage is even greater although field conditions are spotty and vary to a great degree. Weather between now and harvest will be a large factor in determining eventual production, but if we keep in mind the fact that current consumption is expected to be a record 3.7 billion bu, then there is certainly a margin for loss when we consider the first production estimate for 1959 was 4 1/4 billion bu. Even if 10% of the entire crop is lost we could add to the carryover in 1960. Soybeans comparatively have not been hurt as much as corn. However, fields with high population draw more blanks, and rain is necesssary to fill pods. This commodity responds more to moisture and rejuvenates quickly if moisture is received during the blooming stage.

In spite of hot and dry weather throughout much of Europe, Broomhall states that the second official French estimate of the wheat crop shows no change from the preliminary forecast of 10.9 million metric tons which is a substantial increase from last year's final figure of 9 1/2 million metric tons. Excessive rainfall in Argentina has delayed wheat seeding and only 50% of the crop is thought to be in the ground of which the most recently planted is subject to loss. In this country there is very little guide to our wheat market following the completion of yesterday's sale to India. Mill demand continues at a fairly good pace indicating a lack of heavy country offerings. Most of this grain arriving in the terminal markets is being applied against previous purchases. It is interesting to note that the visible supply increased 20.6 million bu this past week, substantially more than the year before and so far this year the visible is 78 million bu more than the like period in 1958.

On Thursday farmers will vote on the referendum which will determine acreage and the loan for 1960 wheat. It is expected that they will approve allotments equal to this year's, and a support price 75% of parity or a minimum of $1.77, in which case the purchase of new-crop wheat futures at present levels could prove profitable. Tomorrow is the final day of trading in July contracts, and the major interest might settle on corn, as 6 1/2 million bu are still open. Yesterday the first tenders were made on this contract, and it is thought that commercial interests took delivery, and will ship some of this grain out of Chicago. Free stocks were reduced by 414,000 bu, and they now total 3.7 million bu. Free stocks of wheat increased 3.3 million bu to a total of 10.8 million. Top soybean prices did not hold as crop advisers claim that recent moisture has checked deterioration, particularly in regard to this crop, and since the late forecast indicates additional moisture possible, some profit-taking took place.

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CHICAGO, 4

July 22, 1959

There was some overnight rain reported in Illinois but generally speaking it was not the real relief that had been desired. For example, at Gilman they had a heavy downpour but it only lasted for a few minutes, and it was estimated that not more than .2 inches fell. In the vicinity of Springfield there was moisture, but it, too, was spotty and it is generally conceded that the central and southern sections of the state have had a drought for a considerable period of time, and it will take a good downpour to prevent further deterioration. Both the daily forecast and the 5-day outlook are a little encouraging in this respect, and there may be as much as 1/2 to 3/4 inches rain rather generally which, of course, would be welcome.

There can be little doubt but that the next government report on corn will show a reduction from the 4.2 billion bu estimate that was given to the trade earlier this month. However, any comparison should be made with the average corn yield of 3.3 billion bu. Even if we should raise 4 billion bu or more, the total tonnage of feed grains this season will very likely fall slightly below last year owing to the fact that we are harvesting a smaller crop of oats and barley, while the sorghum in prospect is also less. As an offset to this the total tonnage of feed grains stored on farms July 1st was 8% higher than last year and over one-fourth above average. Furthermore the total hay tonnage at 109.5 million tons will be some 2.5 million tons above an average crop while our pasture condition on July 1st stood at 83% and was near average for that date. In view of the fact that feed relationships are less attractive than they were a year ago, there will not be the same inducements to farmers to utilize their feedstuffs, but on the other hand in the 13 feeding states for which comparable data are available the number of cattle and calves on feed July 1st totaled 4.7 million head, which was 10% above the 4.2 million a year earlier. Hog population is also greater.

The soybean market has ruled very strong ever since the government estimated the acreage of 22.9 million acres. This is 8% below 1958 and 1% below the March intentions. It is thought likely that 22 million acres will be harvested for beans based on July 1st intentions. In August we shall have a production forecast and thus far beans have withstood the adversities of weather better than corn. Rain, of course, would be very helpful at this juncture to fill pods. With September and November selling at about the same price, there may not be the same eagerness on part of farmers to defoliate the stalks in order to bring arrivals to market at an early date. In previous years when the September delivery was at a premium, the situation was different. Moreover, if the government continues to sell its supplies, there may not be the big demand for early arrivals such as has been experienced in other years.

Broomhall in his foreign crop summary states that harvesting has been largely completed in southern Europe and is underway in central and western districts. Ideas vary as to the effects of hot weather the past few weeks but indicate that downward adjustments are likely in some countries. Hot weather has favored harvesting operations of wheat in France, and that country has escaped damage from unusually high temperatures as timely rains fell during the critical period of growth. The crop looks to be better than last year and is close to a record.

Primary receipts of wheat were a little less than 2 million bu, which compares with 3 million bu last week and 2 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 776,000 bu.

Today was the last day in the pit for evening up commitments in July contracts. There was no undue excitement, although July beans were weak, while July corn was strong during most of the session. This, however, did not have much influence on the later months. Beans recovered from early weakness to make new highs, but corn was somewhat reactionary, and the possibility of still getting a very large crop is discouraging traders from taking a long position. Wheat did not do much. Commercial business generally was slow, but some bakeries, particularly the independents, who did not buy flour early in the week seemed to have covered their August requirements. Canadian weather is favorable for the development of their crops, and in our conversations with some of the people at Winnipeg they seem to be entirely satisfied with growing conditions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 23, 1959

The President placed labor, farm, and highway legislation at the top of his list of bills that Congress should pass before going home. In a Press interview yesterday he asked for a realistic farm bill that would accomplish something constructive rather than a continuation of out-moded programs that merely build up surpluses. It is a fact that even today four-fifths of agriculture is free of controls, and doing reasonably well. On the other hand, our problems are with a few crops -- those for which out-moded programs have been too long continued. Today the wheat farmers will vote on a referendum, which gives them little choice except to vote affirmatively on the acceptance of $1.77 loan for next year rather than a loan of $1.17 in the event that farmers should vote discontinuance of the present program, which has not been the case during the last seven years when the matter came up for ballot.

Over the years cotton has lost markets both at home and abroad. High prices have encouraged synthetics while foreign demand has greatly diminished. In the same way tobacco is pricing itself out of markets in both domestic and foreign channels. Wheat, of course, is the gravest of our problems, and our carryover which will be announced in a day or two will be close to 1.3 billion bu with another large crop raised this season. Therefore, it is fair to assume that we shall add to the reserve stock again by July 1, 1960.

Corn was benefited overnight by very fine moisture, and many of the dry spots in Illinois received a good drenching. We may not reach the figure of 4 1/4 billion bu, which was forecast earlier this month, and which would have been 424 million bu more than last year's record crop. At the same time we have an acreage which is 14% more than a year ago, and there have been many territories that were not adversely affected by the drought, although Illinois is about the second ranking state, and any heavy reduction in yield is bound to affect the total. In our opinion, there is enough latitude so that there need be no great concern over shortages, particularly since the last moisture was received, and this should go a long way in preventing further deterioration. As mentioned yesterday, soybean acreage will be down to about 22 million harvested acres, and this comes after nine consecutive years of increases. However, the crop was never materially damaged as was the case in corn, and for that reason market advances may have discounted some of the bullish factors such as the possibility of a sharp reduction in potential yield as compared with last year. Moreover it should not be overlooked that there will be a large carryover stock which has already had its effect to the extent that the July future, which expired yesterday, went to a small discount under September, and in turn the September future now is ruling at a discount under new-crop November, which is certainly unusual this early in the season.

Primary receipts of wheat were close to 3 million bu, whereas last week they were nearly 4 million bu vs 3.1 million bu a year ago. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 1,165,000 bu. During the week exports of wheat and flour, according to Broomhall, amounted to a little over 5 million bu, but since the first of the month we have shipped 5 million bu less than a year ago. U.S. corn exports for the week were 3 1/2 million bu, and since October 1st we have cleared 174.3 million bu vs 143.1 million last year.

There was not much feature to the wheat market, but in spite of all the rain that occurred over the Corn Belt there are still parts of North Dakota and Montana that are very dry, and unless there is some relief in that section of the country before long there may be serious damage reports in those spring wheat districts. After a good flour business for the past week or so, it has slowed down to a snail's pace, and dullness is noted with no immediate chance for resumption of business. Corn, was somewhat weaker but there can be no doubt that some irreparable damage occurred so that the rains will not restore full recovery to the crop. Nevertheless, the rain was greeted with real enthusiasm if for no other reason than that it should arrest further deterioration, and moreover the moisture is wonderful for the beans that were in fairly good shape. There was considerable selling of beans, and new buying power was rather feeble to say the least. Rye was somewhat weaker without any particular reason. It may take a little time for recovery.

UHLMANN GRAIN CO.

[illegible] Cotton [illegible] July [illegible]

The President placed [illegible]

[illegible] twelve-month, but that seems [illegible] continuation of outstanding [illegible] It is a fact that [illegible] received [illegible] reasonably well. [illegible] cut-rooted [illegible] too long [illegible] will [illegible] memorandum, which gives [illegible] little [illegible] or the [illegible] event [illegible] should [illegible] which has not been the case during the last [illegible] been.

[illegible] cotton has lost [illegible]

[illegible] and [illegible] Wheat, of course, is the [illegible] will [illegible] in a day or two [illegible] crop [illegible] this season. [illegible] fair to assume that [illegible] by July [illegible]

Corn [illegible] more than a year ago, [illegible] have been [illegible] by the drought, [illegible] and [illegible] heavy [illegible] opinion [illegible] on the [illegible] about 22 million [illegible] and [illegible] years of [illegible] However, the crop [illegible] the case in corn, [illegible] yield as compared with [illegible] that there will be a [illegible]

[illegible] under Saturday [illegible] which is [illegible] early in the season.

[illegible] 2 million bu, [illegible] last week [illegible] 3.1 million [illegible] ago, [illegible] stocks [illegible] show a total [illegible] of 1,195,000 bu. [illegible] wheat and flour, according to [illegible] estimated [illegible] but since [illegible] of the month we have [illegible] year ago, U.S. [illegible] 3 1/2 million bu. and [illegible] we have cleared 174.3 million bu [illegible] 136.1 million [illegible] year.

There was not much [illegible] the wheat market, but [illegible] of all the [illegible] over the Corn Belt [illegible] of North Dakota and [illegible] and unless there is some relief in that section of the [illegible] before long, there may be serious damage [illegible] in those spring wheat [illegible] a good flour business [illegible] and dullness is noted [illegible] Corn, were somewhat [illegible] there can be no doubt that [illegible] so that [illegible] will not [illegible] with [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 24, 1959

Yesterday was the day set for a vote on the 1960 wheat quotas. The Secretary of Agriculture had proclaimed marketing quotas on the 1960 crop wheat, and set the national acreage allotment at 55 million acres, which was the minimum permitted by law. Since farmers had very little choice but to accept the higher national loan of $1.77 per bu, farm basis, it was a foregone conclusion that there would be an affirmative ballot, which meant that at least two-thirds of the growers who voted had to approve quotas. Only a small percentage of those eligible to vote took advantage of their franchise, and the returns from all of the 39 states that participated in yesterday's referendum showed nearly 81% of the farmers in favor of the present wheat program. This compared with 84% endorsement a year ago. However, the present count showed that only about 200,000 farmers showed up at the polls. As usual any wheat farmer who exceeds his acreage allotments will be subject to quota penalties on his excess wheat in 1960. However, farmers with 15 acres or less of wheat and compliers of the feed wheat program are exempt. Thus, growers who do comply will be eligible for a loan of $1.77 per bu minimum, based on the forward pricing program, and if parity advances sufficiently they may get a little more. The results of the vote were completely anticipated, and as a matter of fact it was almost an absurdity to expect otherwise since farmers had so little choice in coming to a decision. Therefore, its market effect was nil.

The rains which had been quite general yesterday were followed by clearing skies, and no moisture was reported in the Northwest, with some areas still claiming the need for relief in order to prevent deterioration of their spring wheat crop. Very high temperatures are forecast for western Canada today. This, however, should not do much damage to grains in the provinces. Since last April to-date Manitoba has received a total of 7.64 inches of moisture versus 5.74 inches last year, and 7.86 normally. Saskatchewan has received during the same period 5.77 inches of rain compared with 4.04 inches last year and 6.64 normally. Alberta during its growing season has had 5.70 inches of rain, or nearly one inch more than last year compared with 6.79 the normal. Thus, it can be seen that the outlook for crops in that country must be quite good.

There can be little doubt but that the fine rains that we had in Illinois and Ohio, as well as other surrounding territories, must have brought considerable relief to the bean crop, but on the other hand with a smaller acreage than last year and less chance that the acre yields will come up to last year's record, we shall have a smaller production in the season ahead. For the time being there is no shortage of beans, and the redemptions and CCC selling have been sufficient to take care of immediate requirements. Moreover the crushings for the last month of 33 million bu was a little less than had been expected, although we are still apt to have total grindings in the 1959-60 period approximating the previous season's total. Thus, it is fair to assume that later on beans will do better, and because of this there is likely to be better support on setbacks, particularly for the deferred futures. Processors since October 1st have crushed a record high amount of beans: namely 312.2 million bu compared with 267.1 million for the same period last year. There has been a steady increase in soybean usage during the last few years, which in effect means that we must have large crops to carry on the needed activities of the industry. It is no longer possible to get along with a crop of 350 to 400 million bu without bringing about great hardships.

Primary receipts of wheat were smaller at 2.1 million bu, which compared with 3.3 million bu last week and 4.5 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.4 million bu. When the visible supply is posted on Monday it will comparewith last year's increase of 11.6 million bu.

Markets were much more quiet, but wheat was firm despite slowness in the commercial demand. Probably due to the referendum, the 1960 futures were higher and gained a little ground on the nearby months. There was some local short covering in beans with offerings light. A little hedging came into the market. On the theory that one rain does not make a crop, and that the five-day forecast is only suggesting faintly a chance of scattered thundershowers, there was a little buying by commission houses to give us a higher close. Corn prices improved, and this was a natural reaction after several days of weakness. There was also an advance in rye, with Winnipeg also higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 27, 1959

Late last week the U. S. Department of Agriculture announced that official inspection services for grain from the U. S. would be provided at Canadian points along the St. Lawrence Waterway. This action was tofacilitate the marketing of U.S. grain in export channels.

Over the week-end, there had been a little scattered moisture over the orn belt, probably heaviest around the St. Louis area and some in southern Illinois ut very dry weather accompanied by high temperatures was reported both in Canada and in our Northwest, with the result that opening prices for wheat at Minneapolis and for flax at Winnipeg were higher. Flax in particular, which is susceptible to adverse weather, jumped as much as 10¢ per bu but, of course, trade in that market is not particularly heavy, but at least it was a cue indicating apprehension.

Not too much attention was paid to the government report, which was issued late Friday, showing stocks of grains in all positions. The wheat carryover at 1,277 million bu is a record for all-time, but this had been fully expected and after all 95% of the stocks are either owned by CCC or are under price support. Rye stocks of 12.8 million bu were 31% above the carryover a year earlier and two-fifths above average. On the other hand most of the rye is also under support, and the coming crop is smaller by 9 million bu than the one last season. Stocks of feed grains maintained the pattern of record levels but at the same time the disappearance of corn has been very heavy, which accounts for the tightness in nearby positions. Nevertheless, stocks of feed grains, which include corn, oats, barley, and sorghum grain, totaled 87 million tons, and were more than one-tenth above the 77.5 million tons in storage the year before. The government also showed a huge amount of beans on hand, with stocks in various positions adding up to 157 million bu. This is nearly 50 million more than the year earlier but since disappearance is greater the carryover reserve may be only 30 to 40 million more than it was a year ago on October 1st, when we had a reserve stock of about 21 million bu.

It is interesting to note that two-thirds of the exports in 1958 were marketed in twelve countries. Each of these nations took more than $100 million of U. S. farm products during the year. Our country's largest markets included the less developed, as well as the industrial advanced countries. However, a substantial part of the trade with the less developed countries was under U.S. government financed programs. It was surprising that, despite the unsettled conditions in Cuba, our exports to that country held up well with about $145 million worth of agricultural products sent there, which was practically the same as in 1957. Cuba does not participate in any U. S. government-financed program and the main articles that are shipped from this country to them consist of rice, lard, and vegetables.

July and new September wheat in our opinion represent a fairly good investment at this discount under old crop. The carryover reserve one year hence will be even larger than at present, and it would not be surprising to finally see May and July wheat sell closer together. The present difference is about 14¢ and if Chicago builds up a sufficient stock of wheat later on, this might be an attractive spread somewhere along the line.

Chicago wheat stocks increased nearly 1 1/2 million bu during the week to a total of 12.3 million bu. Corn decreased 789,000 bu, leaving 24 3/4 million bu here. There was a local decrease of 517,000 bu in the bean stock, leaving nearly 6 million bu here. Wheat primaries were 3.7 million bu compared with 5.7 million bu last week and 7.7 million bu last year.

Wheat was rather firm; part of this was in sympathy with a higher market at Minneapolis but trade seemed to heed weather reports, indicating that there may have been some damage in our Northwest. Broomhall spoke of increasingly pessimistic advices with respect to the wheat acreage in Argentina and some people believe that acreage reduction might be as much as 50% due to excessive rains during the main planting period and a disposition among many farmers to switch from wheat to feed grains.

The beans market was firm early but finally gave ground. USDA is estimating the current season's exports at 105 million bu, and there is some talk that next season they may be as high as 125 million bu because of the copra and coconut oil shortage.

Corn was quite indifferent. During the session we had reports of rains at Lincoln, Illinois, also at Springfield and Gilman. Also, rains were reported at Iowa but for the state as a whole, there was not general relief.

UHLMANN GRAIN CO.

TELEPHONE [illegible]

[illegible] July 27, [illegible]

[illegible] the U. S. Department of Agriculture [illegible] U.S. grain in export channels.

Over the weekend [illegible] probably heavily around the St. Louis area [illegible] in southern Illinois [illegible] temperatures [illegible] Northwest, with the result that [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 July 28, 1959

There has been a very large consumption of feed grains during the present marketing year. Though it appeared earlier that heavy quantities would be added to the surplus it is becoming more apparent that usage is greater than had been expected and one of the major reasons for this is the large hog production and the fact that animal prices have been high. Consequently, with increasing amounts of cheap feed, corn and other grains have been poured into hogs, with the profitable marketing ratio which resulted from consumer demand for meat. With pig prices at these attractive levels, there was naturally incentive to produce another large crop this coming year, but the anticipation of this has now caused sharp reductions in wholesale pork prices. As a matter of fact, the present corn-hog ratio has now fallen to the 10.8 mark, considerably lower than the 17.1 figure one year ago. Prices have been reduced as much as $9.50 per cwt since 1958, and the USDA is presently considering support payments to farmers in the form of a direct subsidy in order to halt the falling price trend.

Late in the session yesterday, reports of moisture throughout much of Illinois and eastern Iowa had a weakening effect on soybean and corn prices, and the former market had a fair break. Some sections did receive beneficial rains, in certain instances quite heavy, but as has been the pattern, the rain activity is of a scattered, showery nature and spotty to say the least. The map indicates more of the same for much of the corn and bean belts. Temporarily a more two-sided view must be taken of the soybean situation. It has been discussed by the American Soybean Association that Department of Agriculture officials informally have talked in terms of a 525 million-bu crop, based on a national average yield of 23 bu per acre. Of course, recent weather conditions might be causing reductions in yields which could help change the picture considerably. At the same time estimates have raised prospective consumption and export levels in the coming year to a degree that even if the crop and carryover total 575 million bu, disappearance in the coming season might improve--125 million bu for export, 400 million plus for crush, and about 30 million bu for seed. Therefore, any reductions in available supplies on October 1st could be a definite market factor.

News from the Northwest is a bit more encouraging this morning as some rainfall is expected and a cool front looked for later in the week could bring relief to that area. This need for rain, especially in the western sections of Canada, is becoming more apparent, but according to advices the price of flax, which has reached new high ground, is now at a debatable level, and with an indication for better weather, this market was sharply lower this morning. A private report states that harvesting of wheat is general in southern Minnesota and South Dakota and beginning in the southern half of North Dakota, with widely varied yields. Though the quality is mostly fair, concern has been expressed whether the crop is in as good shape as the July 1st government estimate.

The visible supply of wheat increased 13.3 million bu which compares with an increase of 11.6 million last year. Supplies at terminal points are 80 million bu more than in 1958. Primary receipts of this grain amount to 3.1 million bu vs 4.8 last week and 8.6 a year ago this date. So far this week Minneapolis and Kansas City stocks have increased a total of 412,000 bu. Free stocks of wheat in Chicago increased 1,461,000 bu, and over-all supplies are now 12 1/4 million bu which means that eventually stocks could approach 15 million which is pretty much in line with earlier optimistic guesses. Of this total 7.6 million bu of red wheat variety are in a deliverable position, and since the government evidently has a fair amount of red wheat east of Chicago, chances are fair that in the near future at least much of this grain should remain in Chicago.

Shipments of corn this past week totaled 717,000 bu and slightly in excess of 3 million bu remain in the Chicago market. The spot market remains firm, about 9 over, and the country is a reluctant seller. September corn has been weak because of the advanced stage of the new crop and the likelihood of fair quantities being available for harvest and shipment to this city in time for delivery on that contract. New crop months likewise are under pressure as recent rains and present warm and humid weather will help to insure quite good yields in most areas.

Soybeans met support on breaks but activity is temporarily quiet as weather has improved. Meal continues weak.

This is not a solicitation of any order to buy or sell but merely a current market bulletin, any statements of fact herein contained are derived from sources believed to be reliable but are not guaranteed as to accuracy, nor do they purport to be complete. No responsibility is assumed with respect to any such statement nor with respect to any expressions of opinion herein contained.

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CHICAGO, 4

July 29, 1959

One of the most mysterious, yet interesting, countries of the world is India, a heavily populated, economically undeveloped nation striving to maintain her recently achieved independence. Since the inception of Public Law 480 in 1954 that country has been the largest recipient of U.S. agricultural commodities. These goods have supplemented crops grown on Indian soil as expansion of agricultural production there has been a major part of a combination of 5-year programs through which increased irrigation, better fertilizers, and improved cultivation practices have been initiated on a national scale. There are many problems to cope with as farmers there constitute two-thirds of the 400 million population, and primitive methods are still employed in the vast majority of instances. It is still interesting to note that India has 300 million acres of tilled crop land which makes her one of the largest agricultural producers in the world. However, because of her backward social and economic development from 1 to 5 million tons of food grains must be imported annually to maintain the population at a level of consumption which is one of the lowest in the world. Because the 5-year plans in that country included industrialization, agricultural goals were not reached, and it was thus that her government requested a Title I, P.L. 480 agreement from the U.S. in 1956. Two years later this agreement was extended to comprise a total of $239 million of American goods in which 2.8 million tons of wheat and 300,000 tons of coarse grain were included. Shipments have been ahead of schedule, and these sales have not only prevented a serious decline in consumption, but India's foreign exchange balance has been bolstered as the rupees received for this grain have been used to promote economic expansion in that country. One of India's agricultural problems is the fact that soils have been tilled for centuries without the important additions of organic and plant nutrients, and it may be years before sufficient fertilizer plants are constructed. At the same time food utilization has increased at a faster pace than production, and with a rapidly expanding population the problem of feeding its people is a great burden on that country's government.

The weather map seems to be clearing except for a few more possible isolated scattered showers over the central and eastern parts of the Corn Belt. Rains were received overnight mostly in Iowa, and, of course, are beneficial. The warm humid weather in Illinois must also be a great aid to corn during this critical time of the growing season, and according to the weekly state crop bulletin conditions continue excellent in most northern and upper west-central areas, and show some improvement in the two south-central districts. There were probably some losses that occurred as a result of the long dry spell earlier in the month, but for the time being reports are more optimistic. Soybeans are nearly all blooming and more than half the acreage is podding well ahead of last year. Except for the lower quarter of the state, improvement was made last week. In our Northwest and Canada rain is still badly needed although the hot spell will be relieved the next day or two by a cold front moving across the Plains from the Pacific Northwest. Fair amounts of rye are currently being shipped from Canada to Chicago, and stocks of this grain in that country are being reduced, which could cause the Winnipeg market to show independent strength. For the season 1,260,000 bu have come to this city in addition to 389,000 bu of Canadian rye which has been shipped to Buffalo. Chicago futures firmed also and ran into stop loss buying.

Soybeans, which were firm early in the session, gave ground and then closed near the day's high point. The meal continues quite weak and has had a fair break now as the cash market is also considerably lower, and at the moment shows little sign of support. The only interest in corn seemed to center around the September which firmed after the opening, and prices were better later in the session as the spot market remained relatively strong with the basis about 9 1/4 over. There was very little interest in wheat although some export business is currently being done in flour as well as 60,000 tons of hard and 40,000 white wheat to Formosa, and 30,000 tons of hard to Pakistan. Although Chicago oat stocks are larger than a year ago at this time, the country movement has pretty well reached its peak, and it appears that there is little likelihood of building up supplies equal to the 7 1/2 million bu in local elevators by mid-September of last year. Consequently, any commercial demand which might develop later in the season could cause a tightening, particularly in the nearby months.

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CHICAGO, 4

July 30, 1959

The wheat market has been practically without feature the past few weeks as prices have fluctuated in a very narrow range. With increased amounts of storage available, especially in the Southwest, normal harvest pressure developed on a lesser scale than usual. As a matter of fact, elevators have offered extra incentives to producers as facilities this season for the first time since 1950 are adequate, according to the Department of Agriculture, and officials indicate in some areas there is too much. Even in the case of high protein varieties, farmers now are more reluctant sellers than earlier, though prices have been most attractive, and a tighter holding policy is more evident this year than in past seasons. Of course, the support program must be considered the primary factor, as growers can rely on the guaranteed government price for their grain if market values do not improve. However, much of the wheat still held on farms is not necessarily earmarked for the loan, but instead analysts are of the opinion that many farmers want to wait until 1960 to market this crop for tax purposes. Since last year's production was of such record proportions, many producers did not sell their grain until 1959, as by then prices had improved from their harvest-time lows. This meant that income was earned in the current tax year, and to market another crop in the same year as the previous one would create financial problems. Eligibility for the support program does not expire until January 31st of next year, which leaves alternatives to farmers. As the quality of the crop is generally good, it will be easy to retain possession until eventual disposition of this wheat is decided. Since commercial interests will need to be supplied and storage space is still plentiful in many areas, it seems likely that prices might remain firm in order to attract this wheat to market. It may be that such an occurrence will not take place until later in the season, as temporarily mill demand has been pretty well filled and export business is draggy.

About the only moisture of consequence received the past 24 hours was in northern Illinois and southern Wisconsin, where there was fairly good shower activity. Cool air is moving in from the Northwest, and by tomorrow temperatures should moderate over most of the corn belt also. The weekly crop bulletin for the state of Iowa indicates subsoil moisture deficiencies over most of the state, except for the southeastern portion, although since this report some good rains occurred the day before yesterday extending over wide areas. Most crops appear to be in good condition. Evidently the recent showery conditions have provided some benefit to most areas where corn and soybeans are growing and for the time being there is no general concern especially in the case of the latter crop, which rejuvenates quickly when precipitation is received. However, this is a critical stage of the growing season, and additional moisture will be necessary between now and harvest to insure top yields.

The Tariff Commission has recommended that the import quota for rye in the current year be reduced from 3 1/3 million bu to 1,700,000 bu. As we discussed yesterday, almost this much has already been shipped from Canada to this country and it is possible that reductions from last year's level will not be made, as it could only harm trade relations between these two countries.

Primary receipts of wheat totaled 1,745,000 bu vs 2,961,000 last week and 5,012,000 a year ago. Kansas City and Minneapolis stocks increased 909,000 bu. Since July 1st wheat and flour exports have amounted to 28.1 million bu vs 23 1/2 million a year ago, and since the start of the crop year in October corn shipments have been 176.7 million vs 145.1 million in 1958. An agreement has been signed whereby the United States will allocate $57 million to the U.A.R. to buy U.S. wheat and flour totaling over 29 million bu. Except for 40,000 tons sold to Formosa, there is not much foreign interest in this grain presently.

Markets were irregular this morning with wheat firm from the start. Shortly after the opening soybeans gained strength. However, reports of scattered showery activity in central Illinois and some spots in eastern Iowa caused selling, and prices sold under last night's close. However, the rain probably did not amount to much over 1/4 inch at best where received. Oats were quite strong as it does not appear as though there will be much of a further build-up of stocks in Chicago, and the CCC will not enter into contracts for this grain on a barter basis after August 1st. Early gains in rye were not maintained as profit taking came into that pit.

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CHICAGO, 4 July 31, 1959

In normal times a great deal of attention would be paid to the Canadian weather. It used to make a vast difference to us whether that country raised a small wheat crop, of say 350 million bu, or whether production exceeded that amount by some 200 million bu. At the present time, not much attention is paid to the quantities of wheat that are grown in other surplus countries, for the reason that in North America alone accumulations have been so tremendous that even if nothing were raised either in Canada or here we would still be able to take care of European and Asiatic requirements. Nevertheless, the Prairie crops, which did not get off to too good a start, are reporting fairly favorable conditions, although more rain is needed. Generally speaking the outlook is for heavier production than last season, and Canada is having difficulty attracting foreign buyers for her surplus goods, particularly with U.S. competition and the fact that a large quantity of our wheat is being sold under P.L.#480.

The writer, who just returned from New York, found a little pessimism amongst exporters owing to the fact that European demand for wheat is rather slow, whereas a year ago there was a fair business passing. This in itself should not prove too disappointing for the reason that Europe early in the season likes to consume native crops and often their buying comes at a later date. This, too, is different from the past as we can recall the time when 70% of our export sales occurred during the first six months of the crop year. This, however, is no longer the case, and since prices are fairly well stabilized on account of the subsidy program, it does not make too much difference to European buyers whether they buy early or late, and as a matter of fact, they have not seen fit in a good many years to stock up heavily if futures prices early in the season were attractive.

According to Broomhall, crop conditions in Western Germany will probably be below last year's outturn. Germany even before the war was never self-sustaining, but considering the small land area they did very well in raising as much wheat and rye as they did in order to keep imports down to reasonal proportions. It is thought that in the current crop year, import needs for West Germany will be in the neighborhood of 700,000 metric tons larger than in the preceding year. This increase is due largely to drought and unusually high temperatures during July, although it may be a little too early to appraise the amount of damage. Their oat crop will also be appreciably smaller than last year. According to last reports, the French crop is still looking well and should afford a reasonable amount of wheat for the European export market.

Here at home we have been having the highest temperatures in our Northwest, and while weather is moderating a little it was a warm day again yesterday over large sections of the spring wheat territory, and no doubt the private report next week and the government report later on will show sizeable reductions from the official July estimate. Canadian weather this morning was clear, with temperatures ranging in the high 70's to the low 80's over almost all Prairie Provinces. The only disturbance expected over the week-end is in the Far North, which should not affect growing areas.

Primary receipts of wheat were a little over 2 million bu which was a shade less than last week and compared with 2.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.1 million bu. When the visible supply is posted on Monday it will compare with an increase of 14.6 million bu last year.

Markets were all rather firm. Wheat advanced on buying of flour by an eastern chain baker who apparently had covered his requirements for September and October. The Quaker Oats crop summary spoke of very warm humid weather which had caused both corn and soybeans to advance rapidly where moisture was available, but they went on to tell that corn had definitely deteriorated during the past week in western Minnesota and South Dakota. There was also some deterioration but small in western Iowa and eastern Nebraska. The chances for rains in the Northwest are not very good over the weekend. Beans were higher on moderate buying. The cash basis in corn was very firm, and this influenced mainly the September future. The deferred months were probably steady because of damage reports Northwest. Rye has been very firm lately and we continue to feel that this cereal has merit. Meal prices were higher and there was considerable talk of plants being closed down due to unfavorable conversion costs.

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CHICAGO, 4 August 3, 1959

We are now in the month of August, and weather both in the spring wheat belts, as well as for corn and beans, will have an important influence on markets. During the month of July, wheat prices were mostly steady and generally averaged above a year ago. The smaller crop, increased storage facilities, and about unchanged price supports were steadying factors in the winter wheat market. Not much attention was paid to the larger supplies for this season, which reflected a record carryover of 1,277 million bu, an increase of nearly 400 million bu over the year earlier, and 241 million over the previous record on July 1, 1955. It is true that we had a very heavy disappearance in the crop year that ended July 1st. It was a second largest in recent years due largely to the heavy exports of about 443 million bu. The total foreign demand was sizeable because of various factors, and exports from the four principal exporting countries, which comprised the U.S., Canada, Argentina, and Australia, totaled nearly 910 million bu, which compared with 853 million the previous crop year. Smaller shipments from Canada were more than offset by larger exports in other countries.

No headway was made during the month in getting a more suitable farm relief bill in spite of some efforts by politicians to seek a cure. The fact is that up until about 1940 yields of most of the major crops had not changed much in the 75 years for which records were available. Hence the effort to cut down production by reducing acreage planted seemed logical. These planners saw no great indication of the technological revolution that was to come later on. Probably we had never had such incentives before for the full use of our potentials, besides which science was helping agriculture at a rate never previously dreamed possible. It becomes clear as the result of these changes that we cannot go on producing and storing things for which we have no use, but as is the case in most other economic fields, the adjustment in people's lives and homes, their investments and skills are all involved. If we are to avoid very great hardships to a very large number of people, even the needed changes are bound to be somewhat slow in coming. Unfortunately the agricultural stocks we have built up do not consist of the kinds of things most needed either in our own economy or in the world at large. Just how to solve these problems has not yet been determined, particularly with the political obstacles that have to be overcome in addition to the economic ones. Thus our problems may become more troublesome before there is any improvement.

Late Friday, parity prices were announced by USDA, with hardly any changes noted for major commodities. The family living index at 289 in mid-July was one point higher than in June and reached an all-time record. Price increases for household furnishings and building materials more than offset declines in price of items bought for household operations, autos, and auto supplies. Food and clothing prices held steady at the June levels.

Over the week-end some fine rains had fallen. These included 1 to 2 inches in various parts of Iowa, lighter in Illinois, but they also extended to Nebraska, with Omaha claiming nearly 2 inches, while some more widely scattered showers and thundershowers also hit parts of the Central and Northern Plains. Moisture in Minnesota was very welcome due to previous drought conditions.

Chicago wheat stocks showed another increase which amounted to 341,000 bu giving us a total supply here of 12.6 million bu. Corn declined 1.1 million bu but the afloat stocks increased 205,000 bu. Stocks of beans are still 5.6 million bu and went down only 264,000 during the week. This is causing the September future to show greater weakness than the later months. However, all futures of beans were lower due to rains and more favorable crop comment. Corn also declined, but only fractionally owing to the fact that there was fair support under the market for December, and the corn-hog ratio was slightly improved over last week. The spot market was 10 over September, indicating tightness of old supplies.

We heard that 115,000 bu of rye had left Canada Friday to come to Chicago. Winnipeg had a holiday but showery activity seemed to be quite general over Saskatchewan and Manitoba, and the same was expected to continue today.

Wheat was somewhat weaker and the commercial demand was less active with flour sales over the week-end small in volume. Most bakers are covered now for a moderate period ahead. Rye prices were not only firm but all futures made season's highs. Best prices, however, did not hold. The close was lower for September and December.

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CHICAGO, 4 August 4, 1959

Though feed grain production in the ensuing crop year should approach last year's output, there are some major variables which make comparisons difficult. Growing conditions are generally favorable insofar as corn is concerned, and estimates indicate that finally a crop of over 4 billion bu likely will be produced. On the other hand, the oat crop barely in excess of a billion bu is the smallest in 20 years and reductions are also expected for barley and sorghums. In 1958, feed grain production totaled 158 million tons, and though it is too early to be certain what the final results will be, this year's total tonnage should be slightly less than last year's record amount. When we include the carryover of about 68 million tons, this means that on October 1st there could be a record amount of feed grain on hand for the start of a crop year. It is expected that utilization will be maintained at less than record levels both in total and per grain consuming animal unit. During the past season hog prices were at a recent high mark, which resulted in feeding at an exceptionally heavy rate. Comparatively cheap feed prices arising from last year's heavy grain production were converted into high-priced meat and the return was most profitable. The adjustment came swiftly as farmers attempting to take advantage of a good thing have overproduced hogs and cattle, and suddenly pork and beef returns have fallen sharply. If wholesale meat prices remain at low levels that are anticipated for the coming year, feeding on a per animal unit basis may be at a slower pace.

Secretary Benson has indicated the government is ready to help farmers through an expected siege of low prices this winter and fall by taking steps to equalize supply and demand and bolster prices. One plan will be making lard available for P. L. 480 shipments in exchange for foreign currencies, and another idea would be to buy frozen pork for the school lunch program. It has already been discussed that Congress might take some action along the lines of price supports, if necessary.

With the recent hot, dry weather in our Northwest many estimates have been made that spring wheat production might be reduced 10% or possibly even more. If this is the case, the total number of wheat bushels harvested might be less than 200 million and this helped give our market impetus at the opening this morning. In addition, a fair amount of flour business was consummated overnight and mill activity shows the most interest in the past couple of weeks. This is the most intensive buying on a long term basis since the harvest, and it is expected that independent bakers in large numbers may join and cover their requirements for the next 120 days. At the same time wheat receipts in Kansas City are only about 25% of a year ago, reflecting a tight holding policy. This is in contrast to Minneapolis where harvesting operations are expanding and over a thousand cars were received in that market this morning.

We spoke of beneficial amounts of moisture received over parts of the spring wheat belt yesterday, as well as almost all of Nebraska, Iowa, and northern Illinois. These rains have extended into central and southern Illinois and are moving eastward, and in almost all sections now prospects are brighter than they have been for some time. Currently corn is progressing quite satisfactorily and with the almost unbelievable size of the crop it seems unlikely that prices at these levels can be maintained.

A good deal of the trading in futures this morning was by commercial interests in grains. As we discussed above, mills bought wheat after the opening and later in the session an exporter bought fair quantities of this grain which was thought to be against a shipment of 150, 000 tons to Brazil. There were 3 cargoes of soybeans reported sold to Israel, and hedges were lifted by exporters in this pit also. There will be a private estimate in the morning on all grains and the trade is awaiting this with keen interest as there were some wide discrepancies in acreage between this reporter and the official government release as of July 1st. A processor was thought to have bought a sizable quantity of December corn and locals who were the best sellers spent most of the morning attempting to even their positions.

Primary receipts of wheat totaled 2, 227, 000 compared with 3, 105, 000 last week and 6, 844, 000 a year ago today. Kansas City and Minneapolis stocks have increased a total of 307, 000 bu so far this week. Free stocks of wheat in Chicago increased 341, 000 bu this past week and now total 12. 6 million bu. Corn decreased almost a million bu leaving only 2 million bu in the free supply.

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 5, 1959

During the past few days milling demand has improved broadly, and baking interests have in many cases extended purchases to reach as far into the future as 120 days. There was more of this type business done overnight although hedge lifting in the pit has not been of a sizeable enough quantity to cover these sales. At the moment red wheat supplies in Chicago are plentiful including about 7.7 million bu of this variety in a deliverable position in addition to that owned by milling interests. It is thought that commercial holdings outside of their own warehouses are small compared to normal as the country movement was not broad enough to allow for the purchase of ample long term supplies. If an export demand develops later in the season for this red wheat, a locally tight situation could prevail.

The private estimate on spring wheat released in the Galvin report this morning shows a reduction of 8 million bu from the government figure of 222 million bu issued last month. Recent accounts of damage from our Northwest led the trade to believe that a larger reduction might be reported, and it is still possible that this will be the case as moisture is badly needed in that section of the country and temperatures are again quite high. A total of 914 million bu is now expected from the winter wheat harvest, which is slightly less than the USDA figure published one month ago. This release predicts a 521 million bu bean crop based on a yield of 23.7 bu per acre which is almost as large an acre return as the record produced in 1958. The Illinois weekly crop bulletin also talks of an improved soybean condition during the past week and rates the crop as generally excellent in the northern half and good over the rest of the state. Rain the last two days will naturally provide even further benefits. Since Galvin predicted approximately 400 million bu less corn on July 1st than the government figure, it will be a little more difficult to determine the exact anticipated size of this year's crop until we receive the official forecast next week. However, 4,161 million bu are predicted as of August 1st in this private release and supplies of this cereal will obviously be tremendous on October 1st. Despite dry weather in June and July in the Central States, conditions are 87% of normal compared with the 10-year average of approximately 85%, and it is interesting to note along these lines that a record 24 million tons of fertilizer have been used for all crops in the year ended June 30th. This is 8% more than the previous year and indicates the technological advances in agriculture and the fact that exceptional yields can be produced even when weather is not particularly good. A small oat crop has been confirmed in this Galvin report as a yield of 1,085 million bu, slightly in excess of the government figure, is expected.

As was pretty much expected, President Eisenhower continued in effect import quotas of rye for the next two years at present levels of 3.3 million bu. This was a rejection of the Tariff Commission's recommendation that the quota be fixed at 95.2 million lbs, which was considered somewhat a foregone conclusion as approximately that much has already been shipped to this country in the present season.

During the session soybeans firmed as statistics indicate that there may be a closer adjustment on October 1,1960. On basis of the estimated size of the crop as well as a carryover of some 60 million bu, we will begin the coming crop season with a supply of 581 million bu. The Department of Agriculture expects exports in the 1959-60 year to amount to 125 million bu. The domestic crush will again probably be close to 400 million bu, and when we add 30 million for seed, the total usage the coming year should total 555 million bu which means that the carryover one year hence may be about 26 million bu. Of course there are many variables and the picture could change decidedly. In the meantime with growing conditions improved and the fact that beans are selling higher than the loan price, it is difficult to imagine that a great deal of tightening will take place until later in the season when the supply and demand factors will be more definitely known.

Brazil has purchased a total of 5.6 million bu of U.S. hard wheat and is scheduled to buy in addition 3 million bu tomorrow. In spite of this export sale and mill business that has been consummated, Chicago futures became quite weak. December and May oats made a season's high as did all deliveries of rye in Winnipeg.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 6, 1959

There were some general rains reported this morning covering wide areas that visited many parts of the Northwest, where more than an inch fell in places. They also extended into Missouri and Kansas and were fairly general over the corn belt, the heaviest probably in the Springfield, Illinois area, where some flash floods occurred with one or two places unofficially claiming that 7 to 9 inches rain had fallen. South central Iowa between Leon and Davis City had so much moisture that traffic had been halted, while the Iowa Weather Bureau at Des Moines said that the area at Ft. Madison, which is in the southeastern part of the state, had the heaviest downpour that anyone could remember.

All this, of course, was construed as somewhat bearish on corn and beans, and, moreover, it puts the land into good condition, replenishing subsoil deficiencies that may hitherto have existed. The weather map is still unsettled and further precipitation is looked for rather generally. As it is the private crop estimate yesterday, indicating a corn yield of 4,161 million bu, promises the heaviest production this country has ever had. If the present promise finds fulfillment, we shall raise far above the record 3.8 billion bu last year, and also much more than the 3.3 billion bu average. A 14% increased in planted acreage that followed removal of acreage allotments in commercial areas accounts for a good part of the larger production than last year but, moreover, the general condition of the crop is very good, and the yield per harvested acre should be big. June rainfall was below normal and many people had expected a larger reduction from the 4.2 billion bu that was in prospect on July 1st, according to the government estimate. Nevertheless, with nearly 84 1/2 million acres to be harvested for all purposes, we must now accept the decision of experts and await the government report next Tuesday to see if this figure is confirmed.

As for wheat the total spring and winter production promises a crop of 1,128 million bu. This is a cut of about 27 million bu from the official estimate last month. Ordinarily, even 1,128 million bu would be regarded as a very bearish figure, particularly since we carried over a reserve of 1,277 million bu. Of the latter probably all but about 75 million bu is under government control. Of this year's harvest we shall probably consume about 615 million bu domestically, and according to USDA export 400 million bu making for a total disappearance of 1,015 million bu. Subtracting this from the 1,128 million grown, it would leave us with a surplus of 113 million bu from this year's crop. However, it must be apparent that with the tremendous amount of storage space through the country, and the fact that a good deal of wheat will probably go under support, we could still have an artificial situation as time goes on. We doubt very much whether last year's record impoundings will be matched because of the fact that we raised less wheat than last year, but, nevertheless, we do believe that prices will eventually have to go higher in order to redeem some of the wheat needed for commercial purposes before another harvest.

There was a little flour business overnight and mills were said to have purchased September futures in Minneapolis, which gave us a little early strength here.

Primary receipts of wheat amounted to 1.8 million bu which was slightly more than last week but compared with 3.7 million bu last year. The wheat market was intermittently higher and lower. The main feature was a widening of the carrying charge from September to December which went to nearly 6¢, and the distant months all gained on the nearby. Commercial business generally was quiet.

Canadian weather was mostly fair throughout the Prairie Provinces with temperatures in the 70's and this is expected to continue with possibly little warming up.

Corn prices were lower and some of the recent longs were on the selling side of the market. There was no particular feature, but apparently yesterday's large estimate is restraining bullish enthusiasm. Beans were lower but on breaks there seemed to be a little buying. The market was a more narrow affair than the day before, although it looked to us as though there may have been some belated buying against recent sales to Israel. A large commission house was a fair seller of both September and November contracts which seemed to be a damper on the market as there was no important speculative buying. Rye prices eased and the selling was largely of a local character.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 7, 1959

We are firmly convinced that the government is not deliberately attempting to interfere with the marketing machinery of this country that has been operating successfully for the past century or more. At the same time few, if any, steps have been taken to protect or preserve the market place as each sucessive agriculture program was enacted. Actually, hedging facilities have been reduced and the need for protection against market fluctuations has diminished through the operation of the loan program, which has placed billions of dollars' worth of produce into storage and diverted it from the market place. On Wednesday of this week the New Orleans Cotton Exchange reported that for the first time in its long history there were no futures transactions on the exchange. Organized as they were in 1871, their usual volume has averaged about 80,000 bales per day. All this would not be so grave if the entire farm population had really been helped. The bulk of the government money spent was for price support and export subsidy programs of six crops: namely, wheat, corn, cotton, rice, tobacco, and peanuts. The last three benefited most in this respect. Less than one-quarter of the nation's farms grows these six crops; therefore, it is quite obvious that the present agricultural program is neither equitable nor adequate.

Federal expenditures on agriculture are at the annual rate of $6.8 billion per year, which is an increase of 54% just since 1955, and is actually five times as great as it was in 1939. This does not include some half-billion dollars of gifts of agricultural surpluses abroad and the so-called barter items, many of which are used for stockpiling various materials in other countries. Moreover, it must be considered that through the artificial increase in price levels at home, American consumers are paying in the neighborhood of $3 1/2 billion more for the agricultural products which they use than it would cost at world prices. Obviously then the combined cost of programs to the American people approximates $10 billion a year, which is equal to about three-fourths of national farm income. Much of this could be changed, and in our opinion, helped through the Domestic Parity Program. Through its operations farmers would be paid direct benefits, which certainly would be less costly than the system which we have just discussed; furthermore, an even more important matter would be resolved: namely, that our marketing machinery could again function more efficiently according to the laws of supply and demand.

Before the opening, the Quaker Oats Company Report was circulated, and they spoke of an improved situation during the week by timely rains in the corn belt. They also felt that there was ample moisture in all soybean areas except western Minnesota, South Dakota, and in east central Illinois, as well as west central Indiana, where prospects had been cut materially to only slight. They felt, however, that the government would be on dangerous ground to estimate the bean crop at this time in excess of 500 million bu. This had very little effect on the early trade, as beans together with corn opened lower.

It is the calendar period now for selling corn and by August 8th the crop is generally made except for quality. The latter will depend finally on the period of frost but, generally speaking, the crop is thought to be early.

No moisture was reported in Canada and clear, warm weather prevails across the Prairie Provinces.

Primary receipts of wheat were down to 1.7 million bu, which compared with a little more than 2 million bu last week and 3.8 million bu last year. So far this season the carlot deliveries of wheat at Kansas City have been far less than they were a year ago, and much more than the corresponding drop in the size of the crop. Kansas City and Minneapolis stocks so far this week show a net increase of 658,000 bu. When the visible supply is posted Monday, it will compare with last year's increase of 17 1/2 million bu.

Wheat prices were firm at the opening and there was a fair flour business late Thursday and overnight on springs and hard winters. However, the market did not hold although the close was firm. In spite of some buying of beans, the market was lower and we shall have to await Tuesday's government report to see how they assess the crop. Corn was a little weaker, but there was no great amount of pressure. Rye prices firmed and from our analysis the world rye situation is rather bullish. Furthermore we do not expect a large crop in Canada while the carryover on farms may be smaller than last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 10, 1959

Tinkering with the currency, which is to say, changing its gold content, has been practiced virtually since the invention of legalized coinage. Printing fiat money in excessive quantities is as old as paper money itself. Today we are making valiant efforts to halt the continued rises in living costs and inflation is becoming pretty generally recognized as the "sickness of the century." We are not referring to the extreme types which occurred abroad during the middle of the 14th Century when prices in Western Europe doubled and tripled, n or do we have in mind such price boosts that were generated by the European runaway inflations during and after World War I. At that time central banks and not the Treasuries printed the cash largely in exchange for the governments I. O. U'S. It is pretty well known what has caused the more subtle type of inflation that we have had in this country, since the arbitrary 60% devaluation on February 1, 1934, when the official price of gold was raised from $20.67 per statutory ounce to $35.00 per ounce. It took a decade because of the depression for domestic prices to adjust themselves to the devaluation of the dollar. Thereafter, our inflation proceededwithout being accompanied by changes in the dollar's foreign exchange.

Here at home domestic residents cannot legally buy or own gold bars except under License for industrial purposes. Neither are Americans entitled to redeem their currency into gold coins except in a minor way where ccin collectors are given this permission. On the other hand foreigners are allowed to buy gold bars in exchange for dollar claims at the legally estalished rate. This system of semi-convertibility is called an "International Gold Bullion Standard." The foreign central banks which own American currency or have balances here in our banks are entitled to turn them into gold at the official gold-dollar rate. They may leave the gold here and have it earmarked as their property or they may at will take it out of the country. As a result the American dollar is still trusted implicitly as equal in value to its official "parity" to gold, which is what the system was intended to accomplish. In recent years we have made every effort to slow down inflationary tendencies, both by keeping prices of commodities in hand, as well as to prevent the rapid increase in labor costs. Many agricultural products have been produced in such abundance that there have been deflationary rather than inflationary aspects, and it was only through government support that many of these commodities were able to hold their own in a period of general price increases.

There were no rains to speak of over the week-end, which is probably the reason for the early strength in beans. The trade is now awaiting the government report, which will be issued tomorrow, to see whether the Galvin figure of 521 million bu will be confirmed or whether the Quaker Oats Company's warning of a crop less than 500 million bu may be made.

Shortly after the opening an official government cotton estimate for about 15 million bales was published, and this may have somewhat tempered early bullish enthusiasm. Broomhall's figures on wheat and flour exports were delayed a little, but for the last reporting week we shipped a little over 7 million bu, and since July 1st they totaled 36 million, or approximately 8 million more than last year. Since October 1st our clearances of corn have amounted to 176.4 million bu compared with 147.1 million a year ago.

Primary receipts of wheat were a little heavier today, and with Peoria missing, they amounted to 2 3/4 million bu. This compared with 4 1/4 million bu last week and 6.8 million last year. Chicago wheat stocks increased 323,000 bu, building our total to nearly 13 million bu. The corn stock continues to decline, and including the amount afloat there was a decrease of 667,000 bu, leaving about 23 million bu here. The bean stock went down 564,000 bu leaving about 5.1 million.

Trade was not too active, and commercial wheat business was on the light side. Not much attention was paid to the Searle crop report issued late Friday, which forecast a Canadian wheat crop of 408 million bu which was more than last year but compared with 465 million average. The flax crop was estimated at 21.5 million bu vs 22.9 million bulast year and 13.6 million average. Corn did very little; at times there was firmness, but advances failed to hold. Beans were quite firm, and commission house buying was an important factor. Apparently the trade is preparing itself for a smaller production figure if one is given by the government tomorrow afternoon. Rye was firm, and there were greater advances at Winnipeg.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 11, 1959

A number of labor bills are being debated in the Congress of the United tates, and there is a good deal of controversy as to the type of legislation that hould be enacted. Without taking sides in any of the issues, we merely point out hat wage rates have risen almost uninterruptedly over the past 40 years except for wo brief interruptions during recession periods. Much of this has been responsible or the continued prosperous business cycles that we have enjoyed. Henry Ford - vas the first man to realize that the higher the wage scale the better our consumpive power would be in making it possible for workers to enjoy the good things in ife. The fact that almost every individual in the country can ride in an automobile t the same time bespeaks the progress we have in this country as compared with - he lower living conditions elsewhere. Labor's goal of higher real income may unloubtedly be expected to continue. There is, however, more aggressive insistence hat labor shall make some concessions in the bargaining process. Uneconomic ractices which make goods and services more costly only add to the inflationary rice increases which are not in the public interest. Where an industry seeks a reer hand to improve efficiency, it should surely receive broader cooperation and upport. On the cost side of any manufacturing plant or business, it is obvious that igher wage rates must be reflected in higher prices except to the extent that they re taken out of profits or are compensated by increased production.

Consumers are becoming increasingly concerned over high prices. High vage costs are affecting our ability to export and are making this market more ulnerable to imports as is quickly discerned by the number of automobiles that re coming here from other countries and are readily saleable; also the quantities f steel we are importing offer additional competition to our domestic plants. It s to be hoped that many of our present problems can be reconciled because not only usiness but consumers, and particularly Union members, have a great stake in his issue. Unless we achieve industrial peace and avoid wage-push inflation, there nay finally be great intervention by government, which would be a tragic blow to reedom and to legitimate Union activity.

Before our market opened this morning there was not too much to guide it. few showers had been reported in Wisconsin, particularly in the northern section f the state, also in parts of our Northwest. Even with some unsettled conditions ikely to continue in those sections, weather is not too much of a factor, as harvest n central and southwestern Minnesota is nearly finished, insofar as small grainrops are concerned, while drought is said to have damaged corn, flax, and soyeans. In South Dakota the Peavey Report comments that crops generally are in oor condition and much corn is past recovery from drought damage and has been ut for forage or pasture. Most interest will center in the soybean estimate that vill be given this afternoon, although the figure on corn is also of importance due o some damage reports that have circulated.

A cargo of red wheat was sold to Cypress via the Atlantic and a cargo of ard wheat to Yugoslavia for August shipment from the Gulf. Some hedge-covering gainst this business was noted. In Canada weather continues cool over Western Provinces with some scattered rainfall. There were fairly good amounts in the - Edmonton area of Alberta totaling to one inch in places. In Northwestern Saskatchewan, rains ranged from 1/4 to 1/2 inch, while most other areas had very general howers. The forecast is for clearing conditions and fairly cool weather.

Primary r eceipts of wheat were a little over 2 million bu, which compared ith 2.2 million bu last week and 5.6 million bu last year. Sioux City was missing. ansas City and Minneapolis stocks so far this week show an increase of 482,000 bu. today's statistics the Chicago free wheat stocks showed an increase during the veek of 324,000 bu, and corn decreased 590,000 bu, leaving only 1 1/2 million bu ere. On the theory that free stocks of corn will go down further, September continued firm.

There was not much today in wheat, although a little commercial business vith some renewed activity in flour demand, and the exports to which we referred arlier. One commission house was a very heavy seller of November beans, but his was well absorbed, and the market closed firm. Rye did better, and this ereal in our opinion has merit so that further improvement could be expected.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 12, 1959

Yesterday's official estimate of 531 million bu soybeans for 1959 came
s a surprise to the trade. Dry weather early in July had created fears that some
osses might be incurred, but it now appears as though the rains received since
nen have rejuvenated the crop. As a matter of fact, last year's record national
verage yield of 24.2 bu per acre will be equaled, according to the USDA. Conse-
uently, there should be no shortage in the coming crop year. Including the carry-
ver, close to 600 million bu of soybeans will be available and even if crushings
nd exports are maintained at the presently anticipated rate there could be 35 mil-
ion bu or more in the reserve one year hence. Since the cotton crop is so large,
ompetition from this source will develop for soybean products: namely, meal and
il. The loan rate of $1.85 national average, which figures somewhere between
2.10 and $2.15, Chicago, depending on freight charges, will become more of a
actor as farmers should be willing to sell freely as they are able to receive a re-
urn in excess of the loan value.

There was a reduction of 50 million bu in the government estimate on
ornfrom the July 1st report, but over-all production is still 10% above last year's
ecord, and figures 4,174 million bu. Reductions in other feed grains will not en-
irely offset the increase in corn, and total feed grain tonnage seems likely to equal
ast year's record volume. A comparatively small oat crop of 1,049 million bu
vill be raised, which is 26% less than in 1958, and barley and sorghum production
vill also be smaller than the preceding year, but as far as the latter grain is con-
erned, acreage has been reduced and conditions are generally favorable.

With recent poor growing weather in our Northwest, prospects for rye
vere lessened and the size of this crop is now estimated at 21 million bu, 35% be-
ow 1958, and 7% below average. Even though the import quota remains constant
vith former years, domestic consumption and exports at a level comparable with
958 would mean a close adjustment at the end of the crop season. The two large
ye producing states are the Dakotas, where 20% of the total estimate is being rais-
d. The 4 million bu expected for harvest from this area compares with 12 million
rown there last year, and verifies the fact that poor weather has materially affect-
d grains in the Northwest. With this outlook, it is likely that prices of this com-
nodity will remain firm and the market could do better over a period of time. We
night also point out the recent strength in Winnipeg flax is justified, as the condi-
ion of our crop declined sharply during July as a result of hot dry weather, and a
rop of 23.2 million bu, far below last year's total, is forecast.

Although yesterday's government report shows a reduction of 36 mil-
ion bu for all wheat, this is not too much of a surprise, as comments regarding the
pring crop have not been optimistic, and it is presently expected that only 209 mil-
ion bu will be harvested. Even though total production of all U.S. wheat is larger
han the expected disappearance, a technical tightening might develop later in the
eason, as impoundings should be at least 350 million, and as a result market prices
night have to approach the loan level in order for free requirements to be met.

Primary receipts of wheat totaled 1,201,000 bu versus 1,727,000 bu-
ast week and 2,800,000 a year ago today. Kansas City and Minneapolis stocks in-
creased a total of 698,000 bu so far this week.

Markets responded to the government report with beans opening around
4¢ per bu lower than last night's close, and remaining weak throughout the session.
Veather conditions will still be a factor as far as final results are concerned, but it
ppears for the time being as though the loan price will be somewhat of a magnet,
nd futures may have difficulty in maintaining strength between now and harvest,
vith the anticipated size of the crop, plus carryover, large enough to meet require-
nents. Wheat was a little lower as flour business has slowed following the addition-
l purchases of 60-days by one chain which failed to develop on a broad scale.

As a bullish report on rye was anticipated the market encountered some
selling, especially after an early rally, but it still appears likely that this market
can do better as time goes on, as the crop is a good deal smaller than last year's,
and the outlook for Canadian rye is not optimistic.

With less than 1 1/2 million bu of free corn in Chicago the September
naintains close to a 7¢ premium over the December. CCC is moving some of its
rain from farm to elevator storage, and it remains to be seen whether much is
sold in the next few months.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

August 13, 1959

That we still live within a Democratic society based on private enterprise and freedom of ideas is true. The most difficult assimilation in such a system is the process of change, which affects the economic welfare of the entire nation. Life revolves around the scope and influence of the government, and ours has expanded its role materially in the past few decades, so that most every phase of each person's daily life depends upon the organizations and edicts of Washington. Directly and indirectly the federal government regulates our lives to varying degrees. Including social security recipients, federal workers, soldiers, farmers, etc., 25 million Americans get regular checks from tax fund monies, and many others receive occasional payments. Under the farm program which we have discussed so frequently, additional billions of dollars are divided among U.S. citizens, many of whom are regimented under acreage controls and marketing quotas. Funds are paid to storage operators as surpluses have accumulated, and this processed grain along with other foods are fed to 5 million needy people per year, so that this process alone accounts for the great amount of federal relief money per annum to preserve the Democratic process.

The cycle goes on and on. The government is attempting to preserve the natural rights of its citizens in a genuine effort to assure their best interests. What they may not realize is that in many cases people would preferably be better off if left to their own devices to cure some of the economic woes, which in numerous instances could be solved quickly and happily if outside intervention were never attempted. The larger the role of the government, both federal and state, naturally the more tax money is required to finance it, and consequently the more vicious is the revolving cycle of borrowing and debt. One important factor must be remembered. If the cost of initiative ever outstrips incentive, then the basis of free enterprise would be destroyed.

There is little in the picture to influence wheat at the moment, as flour business has been sharply reduced and the export picture is quiet at the moment. So far this season Broomhall reports U. S. wheat and flour exports at 41. 7 million bu vs. 34. 6 million a year ago. A total of 179 million bu corn has been shipped from this country since October 1st and this is a fair increase over the 153 million bu in the same period in 1958. Rye exports are 250, 000 bu since July 1st vs 2. 8 million bu last year. It might be that shipments for the season will be less than last year's total as the amountof this grainavailable is sharply reduced with the smaller crop.

There was no moisture reported in the Southwest nor inthe Corn Belt overnight. Small amounts fell in some sections of our Northwest although it was not of consequence. Temperatures are moderating and advices from places in Illinois, and especially Iowa, state that additional rainfall would be most welcome within the next week or so. If we analyze the 24. 2 bu yield per acre indicated by the government in their soybean forecast, it appears as though additional moisture would be necessary to insure this high return, as it is comparable to last year's yields when weather was almost ideal throughout the entire growing period.

There was further liquidation in soybeans as the market isstill absorbing selling following the unexpectedly large crop estimate. Ordinarily harvesting operations begin early enough so as to permit the arrival of beans in Chicago for delivery on the September contract, and it is most likely that this will be the case again this year. However, with prices now at about the gross loan level farmers may not be in as much of a hurry this year, particularly as there is no premium for early arrival beans with the September already at a discount under the November. An interesting controversy, to which there has as yet been no word from Washington, is that with the next loan 24¢ per bu lower than last year's just how the government will sell its holdings. Chances are they will sell, but may first wait until after harvest pressure has subsided so as not to compete with the free market.

The CCC has been selling rye from their stock, and since the take-over in April the total quantity sold has been close to 3 million bu. This means that they have three or four million bu left in their supplies with most of them probably in the Northwest, and since the Minneapolis price figures about $1. 28 and freight to Chicago is approximately 15¢, they can hardly be shipped to this market with the present price level of rye here. Primary receipts of wheat today are 1. 6 million bu, about the same as last week and compare with 2. 4 million bu a year ago today.

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CHICAGO, 4 August 14, 1959

In the last decade or so there have been some vast changes in the U.S. wheat situation. After the war we came to the rescue of a battered Western Europe on a scale that had never been previously approached even in wartime. Much of Europe was stripped of livestock and was short of machinery, fertilizers, and manpower. Its processing and transportation facilities had been destroyed or damaged, and to add to the difficulties they encountered in 1946-47 a winter of almost unprecedented severity and an extremely severe and widespread drought in the summer of 1947.

All this had its influence on the demand for U.S. wheat which in 1948 reached an all-time high of 506 million bu. We had a wheat crop that season a little larger than the one just harvested, but our carryover reserves amounted to only 196 million bu compared with nearly 1.3 billion bu at present. Almost all of our wheat exports that year went to Western Europe, and at the same time our own people were eating more and better food than ever before. As a matter of fact, at that time our domestic consumption of wheat and flour was 678 million bu, which is considerably more than at present. This abnormal need on part of Europe slackened by 1950, although the demand for farm products was temporarily revived by the outbreak of hostilities in Korea, but soon declined, and, of course, Europe gradually became rehabilitated. We note that in the crop year just ended our wheat and flour shipments to Europe fell to 117.3 million bu, which is quite a contrast to the postwar period. Luckily, however, we have found a heavy buying potential in Asia, and their takings from us amounted to over 221 million bu, which in comparison with the European demand is something never before experienced. Even Africa took over 25 million bu of our wheat, while the Western Hemisphere used 57 million bu and large quantities went to Brazil, while formerly that country received most of its supplies from the neighboring country--Argentina. Thus, we were able to reach a total export year of 442 million, but in an entirely different way than in the period following World War II. While not specifically mentioned, India has been and will continue to be a most important - factor in this trade, particularly with the financial assistance we have been lending. Now that agriculture is geared for high production and we are using not only more and more fertilizer, but have immense amounts of capital in the form of machinery, organization, etc., we continue to raise large crops even on reduced acreage. Last but not least, the incentive to farmers has spurred agricultural programs, and it is with this in mind that Secretary Benson has repeatedly recommended the lowering of supports in an effort to bring production more in line with demand.

Statistics showed 2.2 million bu of wheat in the primary movement today which compared with 1.7 million bu last week and a little over 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 943,000 bu. When the visible supply of wheat is posted on Monday it will compare with last year's increase of 11.1 million bu.

Trade in all pits was extremely quiet. There was a little better undertone to the bean market after the sharp breaks that we have had lately, but the market did not seem to go anywhere. There were reports current that imports by the Japanese government would be somewhat larger this year than last, and thatthe bulk of the purchases would be made in this country. This failed to stimulate much interest, but the Quaker Oats report was inclined to be a little skeptical of the official soybean estimate for a crop of 531 million bu. Their reasoning was that if preliminary yield per acre as given by the government a year ago at less than 23 bu was correct then we should at least have no larger yield at this time, as crop conditions a year ago were perfect whereas this season there have been some setbacks. The past week has been exceptionally good for soybeans, but it remains to be seen what the appraisal will be when the next government report is issued in September. It looks as though the carryover of rye in Canada will be 3 million bu smaller than last year, and probably this will be followed by a shorter crop. However, that market was inclined to be reactionary today, while here with a very slow trade comparative firmness was exhibited. There was not much to the wheat market, although Pakistan bought a cargo and a half of hard wheat at the Gulf, and Poland purchased two cargoes of wheat via the same port. It was difficult to see that hedges were covered commensurate with these transactions.

September corn was again very strong, and the cash market was 10¢ higher than the September. This had a little effect onthe deferred months, which were up fractionally.

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CHICAGO, 4 August 17, 1959

There were some rather heavy rains over the week-end, and they were widely scattered. At Wichita, Kansas, a total of 6 inches was reported since Friday but elsewhere in the Southwest rainfall was lighter. There are some places in Nebraska that now claim a period of dry weather would be welcome to mature corn but in a good many other spots precipitation was considered beneficial, and we had one report from Bloomington that moisture would put test weight into corn and beans and help fill the last pods, possibly increasing the yields of both these commodities. There was less moisture in the Northwest but at least a good many stations reported rain and the weather map is still unsettled, so that we may expect further precipitation, according to the 5-day outlook, up to an inch in parts of the corn belt. Conditions have not been uniform this season, but, of course, they seldom ever are, and crop growth and development a year ago was exceptionally good, so that a good many comparisons are made with that one year. We do know, however, that in the last government report condition of pastures in the Dakotas was very poor. Taking South Dakota, for example, the pasture condition was only 41% of normal and in North Dakota 55%, which compared with 80% a year ago in both states. In contrast to this the condition in Texas was the most favorable for the date since 1941, and in Oklahoma the condition was one of the most favorable of record. Nevertheless, drought in the Dakotas and some other grazing areas will bring adjustments in cattle herds. Undoubtedly, additional animals will be shipped from these areas. Winnipeg wired us that there had been some light rains across Western Canada, which will benefit the late crops but will interfere with harvesting of wheat and other crops that are ready for cutting.

The American Soybean Association now estimates that the carryover of beans on October 1st will be close to 50 million bu, of which 40 to45 million may be in the hands of Commodity. USDA has revised upwards its estimate of exports for the season, figuring that 110 million bu may be shipped, and they have also increased crushings to 405 million bu inthe year ending September 30th. This upward trend, both for domestic and foreign use, has been continuing for years, and will probably go ahead again during the coming season. This is on the assumption that our seeding operations will continue at the present high level. It should not be forgotten, however, that a large cotton crop will increase the supply of cottonseed meal and cake, but insofar as foreign demand is concerned, a small copra crop and possibly smaller shipments from Communist China are also factors that may benefit us.

According to Broomhall, a private Argentine authority has estimated that the wheat acreage will be cut about 25% under last year. This is in contrast with some earlier predictions of a drop that might be as high as 50%. There will also be a decline in flaxseed plantings and some concern is being expressed that in the lower areas a good deal of seed may have been washed out or rotted due to excessive moisture. If only 10.5 million acres are seeded to wheat and an average yield is obtained, it would give them a crop of approximately 184 million bu vs. 247 million last year.

Chicago wheat stocks declined 170,000 bu for the week, and it may be that we have about reached the peak of our accumulations here, with 12.8 million bu held locally. The corn stock went down 321,000 bu, and chances are there will be a reduction shown tomorrow in the free supply, which may be down to 1 1/4 million bu. However, the unshipped sales do not appear to be heavy, so possibly the drain on this market may be declining. The Eastern corn basis meanwhile has weakened a little, and is about 5¢ over compared with Chicago spot market this morning at 9 over. All this had a little influence on September corn, which in turn influenced the later months. There was a slight increase in the rye stock, with about 2 1/2 million bu here, and beans showed a decline of 414,000 bu, with nearly 4.7 million bu in Chicago, part of which is government-owned.

Wheat was firm during most of the session, but with so little trade it was difficult to call it a real market, and we note that on Friday the turn-over was only 5 1/2 million bu. There was a fair amount of liquidation in rye. As we pointed out in our early morning opinion, observers thought that the market had been overbought, which proved to be correct. We feel, however, that somewhere along the line better support will develop. The corn-hog ratio is 11.5, which is a slight improvement over the recent low, but it still compares with 16.3 last year.

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CHICAGO, 4 August 18, 1959

When Secretary Benson announced the 1959 corn loan program earlier in the year many persons expressed doubts as to its practicability. Even people who are not entirely familiar with farming or markets could not understand the logic involved, as the basic agricultural ills obviously were not being cured, but were actually increased by the encouragement of further production and additional surplus accumulations. Since 87% of the nation's corn was eligible for secondary loan of $1.06 in 1958 because farmers preferred unlimited planting, then what justification could there be in asking all growers to plant as much as they wanted this year. Not only that but the government assured them an additional 6¢ per bu as the loan rate became $1.12 national average. With the possible exception of Secretary Benson, little surprise has been expressed over the fact that production is estimated well in excess of 4 billion bu. This was a foregone conclusion, even to the average layman, who could readily foresee the consequences of this latest farm scheme after all the statistics had been projected and explained. Now suddenly the Department is worried because 600 million bu of corn may be impounded during the forthcoming crop season, and the additional financing by the Treasury would be, of course, burdensome, to say the least.

The one thing that has bothered most people in the grain trade the most is the waste involved under the price support program. We have long advocated that private enterprise left to its own devices could market grains economically and with little or no cost to the taxpayer. Since this opportunity has not been available, merchants have gone along as best they could, and with federal encouragement have built millions of bushels of elevator space in order to store the grain which has accumulated as a result of surplus production. The cost of handling this merchandise is just as great as if it were privately owned, though the government rate is in many cases less. Now the USDA is holding investigations with the express desire of reducing storage payments. If this should come to pass it would mean that private industry would be asked to help divert attention from the poorly planned administrative programs of the Agriculture Department by accepting profit reductions while the unfeasible support laws thrive. It appears the one thing that seems most important is that public complacency should remain static.

Though it is true that shipments of grain to Chicago by carlot have declined in recent years, it is interesting to note that receipts by this conveyance are as small this morning as they have been in some time. Out of a total of 27 cars only four containing wheat arrived in this city today, which is certainly abnormal in view of the fact that harvesting operations have recently ended in this section of the country. One thing is apparent, that while the loan is readily available, producers are becoming more used to a holding policy, as they can fall back on the support program any time free market prices decline from the government level. However, wheat is not entering the loan at a particularly fast rate because producers have until the end of January to make up their minds. In the meantime, by storing it on farms they hope that with the reduced country movement the price of their grain might later exceed the loan level. Except for the higher protein varieties which bring good premiums, there is little movement at this time. Some export flour sales are being maintained at a moderate rate, according to the Southwestern Miller, with most sales in the form of overseas relief shipments.

For the past two days rye has been quite weak, and the reason for this is the fact that some shipments of this grain may be made from Canada to the U S in excess of the 3.3 million bu quota established for the current crop year. Because there was ahearing in Washington as to whether to limit shipments this year, the Presidential proclamation regarding imports was not announced until August 4th, and before that time over 2 million bu entered the U S., on which duty had been paid since July 1st. Since additional amounts were to be allowed during the following ten month period the total figure for the year could amount to about 4.2 million bu, which indiates that the quota would be exceeded. Since this is the case, any excess imported in that twelve month period would have to be deducted fromthe permissible entries from July 1, 1960 to June 30, 1961.

During thepast week free stocksof corn decreased 193,000 bu, leaving 1 1/4 million in local elevators. Supplies of free wheat also declined 173,000 bu, which points out that the harvest run ended early, and free supplies in this city are now less than 13 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 19, 1959

With the rapid increase in government inventories and the resultant mounting costs of carrying this merchandise, it is quite natural that the Department of Agriculture is under fire. It is probably for this reason that a survey is being made to determine whether the fees being paid to elevator concerns should be readjusted. In this connection sight should not be lost of the fact that it was just a few years ago when the accumulations expanded, the government was quite desperate in getting more and more storage space, and they almost threatened the private trade that unless this building took place under free enterprise, the government would have to step into the field. As is well known, the Federal Agency already has about a billion bushels of its own capacity to carry accumulated supplies, and if their bookkeeping system is accurate, they must know what it costs them to carry on all these operations. It seems rather unfair with inflation continuing that elevator concerns should be asked to take less now than they did a few years ago, after making heavy capital expenditures when labor and other costs have risen.

If investigations or surveys are made, we believe that there are other fields that might also be examined in an effort to cut down federal disbursements. For example, it is difficult to visualize the necessity of continuing school lunches to public primary and secondary schools when we are in a prosperous era. The plan could probably be defended if children were undernourished or if parents were unable to meet these costs, but we doubt very much if this is the case. The schools which carried on this food service used $597 million worth of food in 1957-58. Of this total 85% was purchased from local sources, and only the small remainder was a donation from federal government. The major foods in terms of money value went for fresh milk, hamburger, and butter. This was probably a sensible diet for youngsters but whether the federal and state governments should have financed a scheme of this sort is at least open to question. The original hope was to reduce the government hoards of food which were building up throughout the country.

Just recently some officials of the New York and New Orleans Cotton Exchanges went to Washington to see what could be done toward bettering conditions under which they were operating and which threatened their very survival. Discussions were had with members of both Houses of Congress, as well as with other officials. The fact that our marketing system is deteriorating because of so much artificial legislation is certainly another matter to be studied. Almost everyone agreed that present legislation was undesirable and was hurting many segments of our economy. Yet it was admitted that probably no legislation affecting agriculture would be passed at this session of Congress. The only encouragement came from USDA officials who said they would investigate as to whether the Commodity Credit Corporation could make use of the facilities of the exchanges in marketing CCC cotton.

Before our market opened this morning, there was not much news affecting grains. Yesterday's weekly crop comment was generally optimistic with respect to progress of beans and corn, which was already known. The weekly state reports spoke of warm, humid weather for Illinois following recent rains, which was considered almost ideal for growing crops. In Iowa development of corn continued favorable in most areas of the state except south central and the Southwest, where much of the crop had gotten off to a late start. Soybeans were most advanced in the Northwest and north cdntral portions of the state, with pods on 80% of the plants.

According to Broomhall, clear weather prevails in Europe following the rains and this should benefit late crops. In some areas additional moisture would be welcome. French wheat yields continue very satisfactory and are frequently above average.

Statistics were of no importance. The clear weather reported generally will probably be followed by scattered moisture. Commercial business in wheat was light, but prices were firm on moderate buying, and the weakness in securities following yesterday's decline had very little effect on grains. Beans gained a cent early but the bulge was short-lived. Local longs sold, but a Northwest broker was a fair buyer of November. Corn failed to achieve impetus in either direction, and the volume of trade was small. Rye after some hesitancy, closed lower, but there is less fear of excessive imports from Canada. Winnipeg was also weaker.

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CHICAGO, 4 August 20, 1959

During the past week the stock market has suffered its greatest losses ince the recession in 1957. It may be mostly technical and economists disagree vhen discussing future trends. Certainly production and borrowing have reached remendous peaks and many securities are selling at quite high values in relation o earnings. However, inflation and government indebtedness have also reached iew high levels, which makesit difficult to determine the future course of our economy. Agriculture like all segments has been affected but in a peculiar manner. Prices of farm goods have not advanced proportionately, while consumer costs have isen. The answer is that farmers have increased production so that their net cash eturn allows them to retain to a fair degree their share of the normal purchasing ower. In the past several years farmers have gained $10 billion per year paper rofits on real estate value increases, but little additionally in net income from arming. Efficiency has been forced upon them, and, therefore, there has been a reat amount of commercialization with these economic factors at work. Many small operators have been forced out, which is not necessarily bad, but it shows iow in some respects inflation has affected farming adversely while in other ways t has helped modernize it on a large scale, which in turn has resulted in increased ind more efficient production.

The result of all this is well known, and considering the problems that iave arisen, President Eisenhower plans to appear before the American people in radio-television speech, in an effort to encourage Congress to pass constructive egislation. The minimum loan for 1960 wheat crop has already been set. There ire many programs that have been advocated, including the administration's theory of reducing the loan level while eliminating acreage allotments. Ordinarily, this vould be practical as lower prices would discourage increased plantings. However, is long as the government is able to sell from their stocks in competition with free narket grain, then growers must continue planting at an accelerated pace in order o best profit on over-all cash returns.

Figures released by the Canadian Bureau of Statistics indicated that the vheat carryover in that country, though over 80 million bu less than a year ago, still totals about 546 million bu, which is substantially higher than the 10-year iverage. The flax reserve is 6.2 million bu, which is a little larger than expected. However, when added to this year's small crop does not indicate large supplies for he coming year. The rye carryover also draws attention to small stocks in Canada, is well as in the U.S., as we have discussed previously, and could help the price of this grain in both countries later in the season.

September corn in Chicago continues to demand a fair premium over he new crop months, and this is based largely on statistics. Free supplies in Chicago are about 1 1/4 million bu, and evidently there is little left in the country rom the 1958 crop to be marketed between now and October 1st. We have heard of some sales of new corn expected for September arrival in Chicago by truck, but so far the size is not consequential. Though the present spot basis is currently about 10¢ over, this quote is only on a day to day basis, and when we realize that iew crop corn will be available shortly after the September future expires, it becomes doubtful whether this premium can be maintained until the end of trade in hat month.

Primary receipts of wheat today totaled 2 million bu, which is slightly nore than a week ago, and almost one million bu less than for this date in 1958. Kansas City and Minneapolis wheat stocks increased a total of 491,000 bu so far his week.

Markets were again quiet this morning as reports from the corn and oybean belts continue favorable, and indications are that both crops are pretty vell made. Some slight shower activities may prevail in the next day or two, vhich would create further benefits. Advances in the bean market did not fully hold ind prices closed slightly higher. There are a few shipments of this commodity rom Chicago, but supplies are still plentiful, and deliveries on the September contract are likely. Crushings in the period from this past October to July are estimated at 345 million bu, which is 16% more than a year ago, according to the agricultural department. Exports continue ahead of last year, and will surpass he 100 million mark for the first time. Indications, thus, are that the carryover vill be close to 50 million bu.

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CHICAGO, 4 August 21, 1959

There was very little in the overnight grain or weather news. The 5-day outlook is for temperatures considerably above normal for the corn belt, with humid conditions continuing, but not much chance for moisture except possibly one-tenth inch over the period, occurring as scattered showers. Actually weather is not too important any longer for either corn or beans except that the quality of corn will depend on the period of frost, and if this is delayed sufficiently there should be no worry as to our obtaining a bumper crop of good quality. On the other hand, a good deal of wet weather would probably necessitate heavier movement to market because of keeping qualities but this is a matter that cannot be determined so early in the season.

As far as beans are concerned, it now appears likely that our carryover reserve will be much smaller than was earlier anticipated. This is due to heavier crushings and bigger exports, but in any case even with the largest reserve stock we have ever had, the bulk of it will be under government domination, and chances are that the government will not force sales of its holdings early in the season, as this would only compete with the post-harvest movement. In view of the fact that Illinois production promises a yield of 124.2 million bu compared with 140.3 million last year, it is obvious that processors cannot operate with the same complacency that they did a year ago. Furthermore, crops in Minnesota and Iowa are likewise smaller, and for the three states together, which generally serve as a supplier to the Chicago area, the yield is some 46 1/2 million bu smaller. This suggests some possibility that processors may be a little more prone to buy their requirements when the movement is on, particularly if prices remain at a level hat is close to the gross loan. Furthermore, with those three states having fewer beans it might also affect the amounts that will come to Chicago, and we doubt, therefore, whether we shall build up the big stock that we had last season. With this in mind the short side of the market is not quite as attractive, particularly as the estimated crop of 531 million bu, plus a free carryover of 10 million, would only provide 541 million bu, while it is likely that the crushings, plus exports will come to at least a figure of 556 million bu, which was the case last season, and this quantity might even be exceeded. Naturally all this is not an immediate factor in the market because, like in wheat, it takes time to make inroads into the surplus. Nevertheless, one can forecast with certainty that a year from now the outlook will be for a much smaller carryover supply than at present, and thus for the first time in some years there is a change in the trend from that which has existed: namely, of building up large reserve stocks.

The rye market has been under pressure for some time, and we undoubtedly had an overbought condition in the pit by those who were confident that with smaller supplies on the North American Continent, better prices should prevail later on. Some of these lines have been disturbed and thus the technical position of the market has been corrected. The threat of excessively large imports from Canada has also been reduced, although shipments from Canada may exceed the allowable quota because of imports that were effected before the Presidential proclamation was put into force. Any such excesses will be charged against Canadian shipments next season.

Primary receipts of wheat were 2.6 million bu, which was a little more than last week and compared with 3.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 682,000 bu. When the visible supply is posted Monday it will compare with last year's increase of 7.1 million bu.

Trade in wheat was again very slow, but the market was a shade better, and we may have another local decrease in stocks on Monday. A little flour business was reported by one chain baker, but generally speaking it was quiet. Yugoslavia is expected to come into the market for six or seven cargoes and the Brazilian business is still to come. Soybeans were firm, and there seems to be a little less bearish sentiment in the market because of the conditions outlined earlier in this letter. September corn weakened, and we had one report from downstate that a truck load of new corn had been delivered to a country elevator, which is the earliest that we can remember. Rye was without much feature, but there was a little local and commission house buying. Oats were weak, and while there was no pronounced selling, commercial interests continue to hedge.

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CHICAGO, 4 August 24, 1959

The preliminary report on impoundings had been awaited by the trade or some little time, and it was issued late Friday. Possibly the reason for the elay was that the coverage is one week more than the year before, or in other ords, they show the amount of various grains under support to the end of July, hereas in 1958 the cutoff date was July 25th. It is a little difficult to make comarisons because in the last three years the reports have had different coverage ates, as we have just indicated. Nevertheless, the trade was somewhat impressd by the fact that there is now 107. 7 million bu wheat under loan, and this is slighty more than was impounded in 1958 for the six-day shorter period. In view of the act that the winter wheat crop this season is about 271 millionbu smaller than the ear before, it is quite impressive that such a large quantity has already come nder the support program. A good many people had thought that the holding tendncy on part of farmers merely meant that they were awaiting further developments but that actual loans had been taken in smaller number.

An analysis of the situation shows that three states: namely, Kansas, Texas, and Oklahoma accounted for most of the wheat that was placed under suport so far this season. Kansas leads by a good majority, having 60. 6 million bu mpounded, and Oklahoma comes second with nearly 20 million bu under loan. Up o the present time the quantity in the soft red winter wheat states that has been ut away is comparatively small, with only about 1 1/2 million bu under loan, but, f course, harvest in the latter states came a few weeks after the time that crops were gathered farther to the South. Also, there was only about 164. 6 million bu aised in the states of Illinois, Indiana, Michigan, Ohio, Pennsylvania, and New York combined, whereas Kansas alone produced a crop of 207. 5 million bu.

Our wheat market opened somewhat higher, probably due to the slightly ullish statistics just outlined, and beans also advanced a little, although general ews over the week-end was rather limited in scope. There has been afew showrs here and there and temperatures were higher than normal, particularly over he corn belt area, which probably hastens the maturity not only of corn, but also f beans. The high humidity which has been quite prevalent, together with some recipitation, has been very beneficial to the podding of beans, so that as one authrity points out they now seem to be set and they filled both bast and full. This eads some people to the conclusion that even if the last government report on beans ad overstated the crop outlook, conditions may have caught up with the August figre, and possibly we shall even have some improvement noted when the September stimate is published. There was a good deal of rain across Western Canada over he week-end with further unsettlement indicated. This is causing a delay in haresting operations, and possibly some deterioration of grains.

Some CSS awards covering over a million cwts of flour for export relief were announced, and this may have caused some buying of wheat futures this morning.

The Chicago wheat stocks increased by 138,000 bu, probably due to some barge unloadings here last week. The total stock is close to 13 million bu again. Corn decreased 362,000 bu, leaving 22.4 million bu here, and tomorrow we shall know what the free supplies amount to. Rye stocks, including the bonded supply, decreased, but this was more than offset by the increase afloat. The supply of beans declined 443,000 bu, leaving 4 1/4 million bu here.

Trade was not heavy but there was a fair amount of changing in wheat with some elevator interests apparently going from September to the later months, with some offsets by way of speculative liquidation. There was scattered commission house buying at various times, which we think was mostly due to the improved sentiment because of heavy early impoundings, but the flour trade was extremely quiet over the weekend. Beans opened rather firmly, but there was some immediate selling, and of course, it is difficult to enlist much enthusiasm with the outlook for the crop fully maintained. Corn prices were firm. The spot market was again 9 1/2¢ over September, and apparently there is not enough selling from the country to weaken the premium market. Rye was quite firm, and there was no particular buying, but the recent liquidation had apparently improved the technical nature of the market.

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CHICAGO, 4 August 25, 1959

Indications from most areas of the corn and soybean belts are that crop conditions are still quite good, with probably few changes in the over-all picture since the August 1st government report date. Rains have been received in many places since then, which have been beneficial, and in some cases will tend to increase yields. A few isolated locales reported the extremely hot weather has kept ears of corn from filling completely, but over the entire section the amount of this grain available for harvest should be pretty close to the last official estimate. The same holds true for beans, and with warm dry weather leaves have begun to fall from the plant and harvesting operations will begin soon, weather permitting. There should be enough new beans for delivery on the Chicago September contract, in addition to the free stocks already here, so that this future might eventually reach a carrying-charge discount under the November.

In the past we rarely have had new crop corn available for delivery in September, and though it is questionable whether this might happen this year, there is a possibility of such an occurrence. The current hot spell is hurrying corn maturity and though sales for September delivery so far have been quite small, some country elevators talk of early picking, especially if present premiums hold. Even if new corn is not available in September, the prospect of it soon thereafter should create some hesitancy among buyers, as presently the spot market commands about a 16¢ premium over December, and this could fade quickly with the expectation of new crop grain. In the meantime, the Commodity Credit has been selling little binsite corn but there is a report from central Illinois this morning that some shipments are again being made in that area. There is no indication as to quantity involved. With both an indication of a large crop with probable heavy impoundings and prices currently under the loan, it will be necessary to have bin space available. While discussing this cereal, it is interesting to note that out of 381 million bu impounded from last year's crop, 153 million bu comprised secondary loan corn. So far 61 million bu had been redeemed, which means that there could be 92 million bu of this class which in most cases could presently be sold on the free market at a figure in excess of the loan value. There may be a bookkeeping lag and some of this corn might already have been redeemed, but it seems unlikely that farmers would default in a year where free market values for such a long time have been at a higher level than the government support rate.

With two months to go in the season, crushings of soybeans for the year have totaled over 344 million bu. It is, therefore, likely that the total amount will approximate 405 million bu for the crop year. According to an article in the Wall Street Journal this morning, soybean needs in 1959-60 probably will reach a record 570 million bu, which they figure, we believe, on basis of 125 million bu for export, 35 million bu for seed, and 410 million bu by way of crushings. If this is borne out in the coming year, there would not be a very large carryover in October of 1960, and a fair demand could conceivably develop later in the year.

The visible supply of wheat which was posted too late for yesterday's letter increased 512,000 bu and is quite small for this time of year. Primary receipts of this grain totaled 2 1/4 million bu which compares with about the same last week and not quite 2 million bu a year ago today. Chicago free stocks of wheat increased slightly during the past week and amount to almost 13 million bu. Most of the net corn that was shipped from the city during the week belonged to the government as only 86,000 bu were from free supplies, and the total amount remaining in the free stock is 1.2 million bu.

Though yesterday's strength in wheat was mainly thought to be the result of the impounding figure, there may also have been some purchases by exporters to cover the sale of 350,000 bu of hard wheat to Yugoslavia. In addition to this, Formosa is expected to buy a cargo of hard wheat and one of white wheat for first half September shipment. Today, activity in this grain was on the quiet side and the market appears to be digesting yesterday's strength. Trade was light elsewhere and prices were pretty much unchanged for the day. Soybeans have been unable to rally as hedging pressure is anticipated shortly. Though the products remain mixed with nearby oil firm, the meal has been fairly weak since the August contract expired, and there is little enthusiasm for the cash product at present.

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CHICAGO, 4

August 26, 1959

It seems more than likely that Congress will adjourn within the next wo weeks. Apparently it is the general desire of legislators not to remain in Washington when Mr. Khrushchev visits this country. After a lengthy session, during which many bills were proposed and some were vetoed by the President, nothing constructive was done for agriculture, and wheat, which is our number one problem, is creating a very grave situation, while tobacco and peanuts are also affording worries. However, no corrective steps have been taken to alleviate serious troubles and the loss of markets. More than ever before corrective farm legislation is doubly important today. Wheat acreage in 20 years has been reduced by more than 20 million acres, but yet under artificial price-fixing combined with good weather we now have the largest wheat surplus in our entire history. By July 1960, the carryover will have mounted to about 1.4 billion bu, which would be enough to supply all our normal domestic requirements for nearly 2 1/2 years.

Obviously we cannot continue the present program without in the end coming to disastrous results, such as have never been witnessed before in our agricultural history. Strangely enough, well over one-half of the farm families either do not sell price-supported crops or else they produce so few of them that they receive little benefit from such laws. Wheat acreage has increased in areas of high cost, while acres have been cut back in areas where production is most efficient. This does not make sense. In the field of tobacco we have priced ourselves out of the export markets. Formerly the largest tobacco market was in Winston Salem, North Carolina; today it is in Southern Rhodesia.

The exporters with the help of subsidies are shipping fairly large quantities of wheat from this country but because of market conditions they are forced to speculate more than ever before on the handling of their business. It is no longer as necessary to use the facilities of the futures market when fluctuations are so narrow and often these trades-people are forced to take market risks to a much greater extent, hoping that they can cover their commitments through purchases in the country without severe losses. The whole world is producing more wheat than can be economically used at present levels. We heard that last week Germany was showing more interest and had already bought some small quantities of English wheat. Britain is predominantly an import country and being an island she seldom has more than a month's food supply on hand. She has to import most of her agricultural requirements. The reason for shipping wheat out is that the French wheat is being kept off the market. France in most recent years has had a surplus, but in order to effect exports and to keep prices at home at reasonably high levels, she too, had to offer excessive export premiums. Now that they are trying to put their budget in order, they are not willing to take these losses. When the business is turned to the English market, the taxpayers in that country have to foot the bill. As one Britisher points out, he deplores it because every ton of wheat that is exported from England shows a big loss to the treasury, which in turn must affect the fiscal position unfavorably. It is high time that sound judgment and better reasoning be returned to world agriculture. If in America we want to remunerate the farmer beyond the merit of a commodity, we still believe that a direct payment would be the most practical and lasting solution, and it would at the same time restore liquidity to our markets, permitting the machinery to function normally again.

There was nothing much in the statistical news. Wheat was a rather dull affair, and for the time being at least we expect nothing more than a trading market, with probably unimportant fluctuations. There was some white wheat sold to Formosa from the West Coast, while Israel bought a cargo of hard wheat from the Gulf, but commercial hedge-lifting was difficult to trace. Beans showed strength at times, with probably some of the buying stemming from the admission from Chinese Communist rulers that their 1959 production targets were too high and would have to be reduced. The September bean future was relatively firm, but best prices did not hold. September corn was under pressure, and some of the premium over December was lost through spreading operations. The flour inquiry was generally dull, and we saw much less evidence of hedge-type changing in wheat from September to the more deferred months. Rye seems to get some supports on setbacks. With the small oat crop do not believe this will be a year of wide carrying charges.

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CHICAGO, 4 August 27, 1959

The trend toward increased wheat surpluses could continue for the next two years according to estimates released by the Department of Agricultural Marketing Service. By July 1st of 1960, 100 million bu should be added to the already record carryover established this year. By the start of the 1961 crop year this figure might enlarge even further if yields of this grain continue at the same average pace of recent years. This is surely no surprise to advocates of free markets as the government support program has become the ever increasing factor as wheat in this country is grown in excess quantity expressly for the loan. Proof of this statement is the fact that out of carryover stocks of 1,277 million bu on July 1st of 1959, only 51 million were available in the free supplies. Though this is well above the 28 million bu on hand one year earlier, it is less than the amount available two years ago and consists partly of wheat that is ineligible for the loan program because it was not planted within acreage restrictions. With these factors at work, the market has normally been able to maintain some degree of firmness towards the end of the crop year as annually enough grain has been impounded so as to cause artificial tightness. The disappearance of wheat during the coming season will probably be somewhat less than preceding years as exports are expected to total 410 million bu, 32 million below last year, and at the same time domestic consumption will not be as great as in 1958-59 when 631 million bu were utilized.

Concerning exports, it is interesting to note that direct sales of wheat to foreign nations in exchange for dollars amounts to a relatively small percentage of the over-all shipments made, and out of last year's 442 million bu exported 230 million were listed in the P.L. 480 category. This is the program which allows for the exchange of American agricultural products in return for foreign currencies which means these monies are owned and must be spent or retained by our government in the particular country in which they are the basis of exchange. One of the major nations with which this type of trade has been consummated is India, and last year 122 million bu of wheat and flour were exchanged for rupees, and consequently, the accumulation of such capital in that country if spent will be mostly for physical improvements. In the future the P.L. 480 program will likely be expanded under the title "Food for Peace Act" passed as a bill two days ago in Congress. It might also be noted that another 70 million bu were either bartered or donated to foreign countries last year so that the actual direct sale of wheat by the U.S. amounted to only 141 million bu.

With high temperatures over the bean belt in recent days the maturity of the crop has been advanced quite rapidly. Podding has progressed at a good pace and prospects in Illinois show a slight improvement according to the American Soybean Association. With the forecast for more of the same, harvesting operations might begin the next week or two on a fairly sizable scale. Some additional amounts of corn are being sold for September delivery and with premiums still available for early shipment this is quite natural; however, these purchases so far have been small and it is a bit early to determine just how much of this grain will be available in September assuming dry weather persists.

As we know, the rye crop this year is a good deal smaller than 1958 and even though the carryover was 3 million bu larger than the July 1st figure in 1958, we are beginning the new crop season with only 38.1 million bu, which is 7 1/2 million bu less than we had on hand at the start of the preceding season. However, domestic usage will be about a million bu less than a year earlier and our exports may be 3 1/2 million bu below those in the past crop season. Since there will be a slight increase in imports, the USDA projects that the carryover next July 1st should be about 10 million bu, of which a larger percentage may be free. Of the 10,1 million bu under support from the 1958 crop, stocks still owned by the CCC as of June 30th amounted to 6.6 million bu.

Trade was only slightly more active today, and markets were generally easier as there is less support now for corn and beans with the anticipation of hedging pressure. September corn was quite weak earlier, but some buying came into the pit when spot cars traded at $1.27, and buyers indicated this price would hold even if the futures continued to break. Wheat was also a shade lower as there is little evidence of hedge buying against recent export sales. Oats were comparatively firm.

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CHICAGO, 4 August 28, 1959

There was much in yesterday's "Wheat Situation" review to cause con-emplation on part of traders. It was pointed out that the quantities of wheat not ligible for price support (because of seedings in excess of allotments) are much ess this season than they were a year ago. This would normally suggest that the amounts which might become impounded would compare favorably with other years. However, the crop falls far short of the 1958 record production. Moreover, prices in many areas are higher than the loan, particularly protein wheat, which is apt to be sold this year rather than entered for the loan. Altogether we are going to have a further increase in the carryover of hard wheat of about 110 million bu by July 1,1960. Little, or no change, may occur in the case of red wheat or white wheat. However, with reduced production of hard red spring, and durum wheat the carryover stocks of these two classes are expected to be reduced.

The government points out that as in recent years prices are expected to strengthen after the heavy movement slackens following the harvest, but that the increase is likely to be less than a year ago. They believe that the U.S. price to farmers in 1959-60 may average slightly higher than the $1.72 a year ago, even though the support price of $1.81 is down 1¢ per bu. As everyone knows, the "advance" minimum national average support price of $1.77 per bu for the 1960 crop wheat was announced on July 8th. This reflects 75% of the modernized parity price for wheat as of July, 1959. Thus, it is an established fact that whatever legislation is contemplated or may finally be passed, the support program will be effective on a high basis. The total wheat supply for the marketing year, which began July 1, 1959, was estimated at 2,404 million bu, which is an all-time record high. It exceeds the previous peak last year by 53 million bu. The 1957-58 supply was 533 million bu less. A 45% increase in the carryover from last year more than offset the reduction in this year's crops.

The likely reserve stock in 1960 will be over 5 times the 256 million bu that we had in 1952, at a time when war-time demand had drawn wheat stocks down to low levels.

The Quaker Oats report this morning spoke of some areas where beans had deteriorated. This was mainly in central and east central Illinois, and west central Indiana. On the whole, however, they figured that due to the excellent conditions which existed during the month of August that an additional 20 to 25 million bu have been added to the August 1st prospects, on whatever basis a proper calculation should have been made.

The first official crop report will be issued in Canada after the close of the market. The weather is not satisfactory in western Canada and harvesting operations have been curtailed due to rains. These rains during the past ten days have been fairly general over all three Prairie Provinces, and since large quantities of grain are lying in the swath there is likely to be some damage. Moreover, the cool, wet weather makes some of the later crops more susceptible to frost damage.

Primary receipts of wheat were not of great importance because both ioux City and Wichita were missing in the tabulation. So far this week Kansas City and Minneapolis stocks show a net increase of 114,000 bu. When the wheat visible s posted on Monday it will compare with an increase last year of 1 1/2 million bu.

The wheat market was a little weaker early and bookings of flour were small. Commission house buying gave us a little firmness, but there was no real olume of trade. Beans were probably influenced most by the Quaker Oats report hich indicated good progress of the crop, with warm, humid weather hastening aturity to an earlier date than normal. There was considerable weakness in rye, and apparently some longs liquidated on the prospect that the carryover next July night include a larger percentage of free stocks than we had on the incoming crop. ats, in our opinion, have merit due to the small production figure; moreover, ongs are not handicapped by big carrying charges which sometimes have to be vercome. The May future is already selling at a discount under March. Corn rices were barely steady, but the September future was lower in spite of the fact hat the spot basis was very firm. Cash corn commands a premium of 10¢ over eptember. Monday will be the first day of tenders on September contracts, and arge quantities of wheat are expected for delivery. This is having an influence on he September, which went to a wider discount under December.

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CHICAGO, 4 August 31, 1959

When the first Farm Bill was voted, we innocently asked the question: "/hy tamper with the carburetor when the engine seems to be running smoothly?" n the years 1921 to 1928, our average carryover of wheat from year to year amount-d to 128 million bu. It rose rapidly each year that the American Farm Board was n operation, finally reaching a figure of 400 million bu, which was about equal to he amount of wheat which was exported from the U.S. during the combined years .928, 1929, and 1930. The founder of our firm, Fred Uhlmann, delivered an ad-iress on February 23, 1932, before the American Statistical Association, and stat-ed: "All those who had spent their lives in the grain or the milling business and all economists knew what dire results would follow any interference with the law of supply and demand. They knew not only that all the money devoted to such a project would be fruitlessly spent, but also that the secondary consequence would be a further stimulus to wheat-growing even in the face of our already large production." When the Farm Board was proved a failure, attempts were made to cut down our surplus reserves, because the weight of supplies was depressing prices, but almost every new Congress tampered further with the carburetor, with the result that on July 1st of this year we built up a reserve wheat supply of nearly 1.3 billion bu. Some of the same techniques that were applied to wheat also were used to support the price of cotton, corn, and many other agricultural products.

Traditionally our agriculture has been free and flexible. In the past farmers were free to use their resources according to the judgment of individual producers. Today we have a regimented agriculture which has upset all calculations of the legislators who are trying to improve conditions. Once our cotton farmers had 60% of the world market but now this has been cut in half. Competing synthetic fibers have shown the greatest growth industry, capturing the equivalent of nearly 6 million bales in fifteen years. Our technological development was of course, spurred by high prices and extra rewards that farmers received for either cutting acreage or destroying crops. It is gradually dawning on the public that unless something drastic is done the big surpluses are here to stay. Unfortunately politicians are still tampering with the carburetor, which is a very delicate device and it is difficult to get it back into proper adjustment without the aid of experts who have full understanding of the problem.

Weather over the week-end showed widely scattered moisture in this country but following some rains Friday night conditions in Canada turned more favorable with temperate weather, which should gradually permit harvesting. The Canadian government report was about as expected, and the wheat crop including carryover amounts to 951 million bu, which is 60 million less than last year's supply. The two-year reduction amounts to 93 million bu. The total oat supply of 540 million bu is 15 million below last year. The rye supply totaled 16.1 million bu and is nearly 2 million less than last year.

Some authorities now believe that with heavier processing and exportation of beans, the carryover reserve will be only 40 to 45 million bu. On this basis the total supply for 1959-60 will be about 575 million bu.

Primary receipts of wheat were 3.8 million bu vs 4.2 million bu last week and a holiday last year. The tenders against September contracts amounted to more than 4 million bu of wheat up to noon, 1.1 million bu new oats, and 177,000 bu of beans.

The rountine news was unimportant. Quiet prevailed in the flour markets, and other commercial business was slack. During the week there was a decrease in Chicago wheat stocks of 150,000 bu, leaving 12 3/4 million bu here; the decrease in corn of 241,000 bu was about as expected, while the decline in the bean stock of 573,000 bu, left 3.6 million bu here, of which probably about 3 million bu is in free hands. Wheat advanced, and there continued to be some changing orders between various trading months, spreaders going over on their lines to the deferred deliveries. Beans were about unchanged, and corn with the exception of the September delivery did little. Rye weakened with support on the decline, and late Friday we heard that 261,000 bu of Canadian rye cleared the lakehead, and the shipment was destined to Chicago. At the moment rye stocks, including the afloat, amount to about 2 1/2 million bu. The wheat visible showed a decline of 155,000 bu and total stocks are now 43 1/2 million bu larger than a year ago.

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CHICAGO, 4 September 1, 1959

In November 1949, this writer visited the Commercial Bourse in Buenos Aires, where for many years securities and grains had been traded. It was a period of great inflation when the Argentine peso was declining almost daily and stocks were responding in bullish fasion with a most active market in progress. The President of the Exchange, Enrique E. Lutjohann, rang a bell for the cessation of trade. An announcement was made that a representative of the Chicago Board of Trade was a visitor, and it was pointed out that Chicago was one of the few grain markets in the world still operating. It had been pointed out that thegrain markets in Liverpool, Rotterdam, and Buenos Aires had ceased to function. About five years ago wheat trading was resumed at Liverpool, although they have had great difficulty in reestablishing a broad market for the handling of hedges. It shows that once the marketing machinery has been tampered with, it is not easy to build it up again. Of course, the price level has become stabilized in Britain due to American subsidies.

We were delighted to hear last week that the wheat trade on the Argentine Exchange would be reestablished, and it is quite significant that after many years of state monopoly in the trading of that grain, the government has seen fit to return the business to free enterprise. Discarded as from July 13th will be the system under which all wheat had to be sold to the National Grain Board at a fixed price. This Agency in turn had sold it back to private traders for domestic consumption and for export, but the risks involved in doing business were great without the facilities of hedging. Undoubtedly restoration of the futures market in Buenos Aires will make for greater flexibility in the marketing of wheat in that country, and surely the effects of the move will be watched with considerable interest in other parts of the world. As aBuenos Aires editorial points out: "It could mean much more than the economic implications to the grain trade and the repercussions abroad should subsequently help to strengthen the peso in the free exchange market." For most of the information here given in connection with the reopening of that market we are indebted to the Searle Grain Company, Limited of Winnipeg.

According to advices from Canada, rain and cold weather have returned to the Prairie Provinces again, and this seems to be interfering with harvesting operations. Our own weather showed mostly temperate conditions, but rather widely scattered thundershowers are looked for over corn belt regions, with possibly heavy downpours in northern Missouri.

In spite of a rather limited flour business, wheat prices were firm and there were moderate advances probably reflecting the fact that yesterday's heavy tenders of wheat had been stopped by a number of firms, including some merchandisers. There is a fair export business in the offing, which may also have influenced traders but lately covering of hedges against this business has not sparked the market owing to the fact that in very few cases were futures bought on a scale commensurate with the foreign business. Apparently many of the sellers were attempting to buy their wheat in the country, which lessened the demand for futures as a temporary protection.

Primary receipts of wheat were nearly 3 million bu today, which compared with 2.2 million bu last week and over 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 209,000 bu.

The wheat market was firm, and apparently the trade was influenced by the fact that the heavy wheat deliveries did not circulate much, with only 97,000 bu tendered up to noon today. In any case, the September delivery gained a little ground on December, with apparently some hedgers trying to go over at 6¢ difference. September corn and beans were strong. We doubt whether wet weather is having much to do with the firmness, although prolonged rains would naturally delay harvest. There is only about 1.1 million bu of free corn in Chicago, while the stock of free beans has declined to 2.7 million bu. There was some local buying of beans which kept the market firm. Generally speaking, it was a slow day for commercial business. This was mostly the case for flour, although Japan inquired for a wheat cargo.

The banks raised prime interest rates from 4 1/2% to 5%, which caused a decline in securities, and while this did not have much influence on grains it will be more costly to carry them. The government weekly crop report spoke of hot, humid weather, which continued to push corn toward maturity.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 2, 1959

The Commodity Credit Corporation has become a very prominent competitor with the private trade in the marketing of grain. We have talked at great length of the influence of government programs and their stimulation toward production of large crops, but after grains are harvested and heavy quantities are placed under loan, it is natural that the eventual disposal would become a definite market factor. In the past fiscal year, 30.1% of the 1958 wheat crop was impounded and thus removed from free channels. When added to the already large supplies owned by the government this creates a great financial burden as storage costs must obviously be paid for some time. Also, the free market is thus deprived of grain that would normally flow through that channel. In order to fulfill demand, high prices must be paid by commercial interests so that they can secure their commitments. Consequently, these costs are ultimately passed on to the consumer. In the meantime as taxpayers, we all help foot the bill for the charges accruing on the wheat that has been placed under support. This grain cannot readily be sold on the market because there is so much of it that todo so would only tend to depress prices and lessen free market values. Therefore, an unnatural cycle of economic laws results.

The same is true of corn where 6.2% of last year's crop will end up under government ownership. This is magnified when we consider that almost 80% of the entire crop is normally fed, and only the balance comes to market. The CCC removed from the market 11.3% of last year's soybean crop. They did so by encouraging production with the offering of price-support inducements and normal supply and demand forces could not work efficiently.

Fairly general rainfall has occurred throughout muchof the corn belt the past 24 hours, and a few more scattered showers are forecast. This will be followed by clearing weather and with the possibility of fair skies during the next few days, soybean maturity will be hastened as the crop is rapidly approaching harvest. Some beans have been shipped from Chicago these past few weeks but free stocks arestill in excess of 2 1/2 million bu, and it is almost certain that supplies from the new crop also will be available for delivery on the September contract before the end of the month. Prospects for corn in Illinois are good to excellent over most of the state, with nearly two-thirds dented or beyond. Along with other sections, reports indicate that this grain is more advanced than a year ago, and as we have mentioned some sales already have been consummated for September shipment, which is earlier than normal.

Recently there were reports of drought in Communist China but this morning a publication from Pieping states that rain has fallen over most of the parched farm lands, relieving the worst condition in years.

Primary receipts of wheat today amounted to 1,844,000 bu vs 1,738,000 bu last week and 2,892,000 bu a year ago. Kansas City and Minneapolis wheat stocks increased together 374,000 bu so far this week.

Markets were generally firm at the start this morning, and as the day progressed, the nearby rye was the strongest. Commission houses were the best buyers, one especially. Wheat was slightly higher, and the December and March made new highs on the crop. Cash supplies may be difficult to acquire in localities where price is under the loan. However, it is a bit early to become enthusiastic as mills are probably fairly well stocked at present, and it will take a while to absorb these supplies. Though corn was only a shade higher, the September remains firm, with spot cars still worth about 10 1/2 over, and small amounts being sold from country locations at present. However, the demand east of here is not comparable, and it is questionable how much additional free corn will be shipped from local elevators between now and the start of the harvest. Soybeans had difficulty keeping pace with grains, and although the oil was quite firm, meal prices continue weak, and the cash market was again lower this morning. Since there should be soybean hedging pressure shortly, early advances may not hold. The best buyers this morning were processors as evidently they need some cash soybeans for early use pending movement of the new crop. Oats were higher.

Approximately 3/4 million bu of hard wheat were bought by Brazil on a barter basis, and it is possible they will be in the market for more.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 3, 1959

There was very little overnight news. Weather had been clear over he corn belt and there is not much chance that we shall have showers during the ext 24 hours, except possibly in parts of South Dakota and Minnesota.

Firmness prevailed at the opening but shortly afterwards the Galvin crop estimate was released and the corn crop of 4,171 million bu was practically a confirmation of what the government had figured in August, indicating that the condition has been pretty well maintained, and, of course, the acreage is large. Despite high temperatures and some dry weather, the corn crop had made good progress during the month, and we are now practically assured of a bumper return. Spring wheat production, according to the expert, was raised to 217.3 million bu, which compared with the official figure of 209 million bu last month. Some of the yields were reported better in North Dakota and Minnesota, while conditions in the Red River Valley were also favorable. It is still a small crop compared with last year when production reached a figure of 282.3 million bu, and a ten-year average crop of more than 260 million. No figures were given for rye but the oat crop improved somewhat, and is now estimated at 1,110 million bu. This had a little bearish impact on the market as the comparison was made with last month and not with last year when we raised 1,422 million bu. Average production in this country for the past ten years was 1,306 million bu.

Probably of greatest interest was the figure on beans, and this was given at 540.2 million bu vs. last month's official estimate of 531.4 million bu, and the bumper crop a year ago, which was nearly 575 million. Taking the likely carryover of 45 million bu and adding it to the prospective crop, we should have about 585 million bu in the total supply, and under these conditions we feel that it will be difficult to have sustained strength, at least early in the season. The soybean crop in Illinois has shown considerable improvement with about 7 million bu added to the crop during the month, while no change was made for Indiana or for Ohio. Only a slight gain was shown for Minnesota where apparently high temperatures prevailed, together with dry conditions. The same was more or less true for Iowa where only about a million bu was added to potential production during August.

During the week exports of wheat and flour, according to Broomhall, were a little over 4 million bu, but the total since July 1st is more than 69 million bu, or an increase of 13 million as compared with last year. This would indicate that under various government programs we are still going to have heavy shipments for the full 12-month period. Our corn exports since October 1st have amounted to 189.4 million bu vs. 160 million a year ago.

Winnipeg advises that it will take a few days of warm weather before harvesting operations can again be resumed. Meanwhile, a Canadian Dominion report spoke of unsettled weather during the past two weeks, which has held up harvesting, while at the same time it slowed down the maturity of late-sown field crops over wide areas of the Provinces. Harvesting of flax seems to be slower than that of most other crops.

Primary receipts of wheat were a little over 2 million bu, which was slightly more than last week and compared with 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 428,000 bu. The slight addition to the spring wheat crop failed to have much influence on the Minneapolis futures, but we were somewhat lower as was Kansas City. The weakness here and in the Southwest was probably due to slackening of commercial demand and domestic flour trade was said to be very dull. Hedgers continued to change over positions from September wheat to the more deferred months, but otherwise the volume of trade was light. Corn was not much changed. At one time the September future weakened, but with the spot market still very firm there was a little buying on the break. It remains to be seen whether any CCC holdings will be sold. Oats finally held fairly well considering the increase in crop estimate, but there was not much trade in the pit. Rye declined a little, but this was not unusual after yesterday's sharp advance. We continue to feel that purchases should be confined to setbacks. The first rye was tendered against September contracts, but the quantity was not large. Meal prices were again lower.

The U.S. population is estimated to have increased by about 26 million since the 1950 official tally.

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CHICAGO, 4 September 4, 1959

Though we could find no mention of it in the newspapers, we understand bills were introduced for wheat and cotton yesterday in the House of Representatives giving farmers a choice in deciding the type of farm program they desire for those commodities. There can be no change as far as wheat is concerned in 1960 as it has already been established by law that wheat acreage again will be the same as this year, with the minimum loan having been set at $1.77 per bu national farm average. Fall seeding of winter wheat will begin shortly with farmers planting on this basis. The new measure which is a long way from passage has some worthwhile provisions, and according to its sponsors should have urban appeal as city dwellers have become acutely aware of the farm situation during the recent years of farm surplus accumulation. By its provisions farmers can choose between unlimited planting and a 50% loan, or instead restricted acreage and a payment-in-kind equal to the difference between the price at which he sells his product and 80% of parity with a $2500 limit per farmer. The latter choice, namely payment-in-kind, might be worthy of consideration as it could be a sensible manner in which to gradually dispose of surplus wheat and cotton.

We have long advocated direct subsidy payments to farmers in the form of monetary compensation determined by the difference between domestic price and the value of parity. However, up to now there has been little enthusiasm generated in Washington, and since the present farm situation has reached an impasse any new worthwhile bill such as this one presently under consideration deserves study and support if it appears to offer a solution from present government planting and marketing controls. Congress is currently concerned with the problem of enacting legislation which would increase gasoline taxes for the building of highways, and the federal government is always in search of new funds for aiding in the construction of schools. Some of the billions presently used to encourage growth of surplus agricultural commodities could be utilized for some of these other more worthwhile causes. Thus federal budget balancing and tax relief might be more imminent.

There was little in the overnight news to stimulate trading on the opening this morning, and since a 3-day holiday week-end is in sight there is little activity today. Weather is hardly a factor as corn and soybean crops are pretty well made in most sections of the country. Wet weather between now and harvest could make a difference in the amount of corn that is marketed as kernels with high moisture content are not as easy to store owing to the fact that the keeping quality could be imperiled. If sunny skies prevail over the week-end it is likely that soybean combining will get underway during the next week, and some hedging pressure should be apparent in the near future.

Harvesting operations are still being delayed in Canada as the ground is wet in many places and the forecast is for more showers.

The government is selling some off-grade corn, and it seems reasonable as the market is higher than the price of new crop corn and there is little pressure from other sources at this time.

Primary receipts of wheat amounted to 2,323,000 bu, which is slightly less than a week ago today, and about 150,000 bu more than a year ago, with Sioux City not reporting. Kansas City and Minneapolis stocks increased a total of 497,000 bu so far this week. When the wheat visible is posted on Monday it will compare with an increase of 1 1/4 million bu in 1958.

The spot corn market still commands close to an 11¢ premium and receipts are small. However, demand east of here is not as good as in Chicago. New crop corn has been trading within a narrow range for some time now, and since there is probably a fair-sized speculative short interest, prices hold, and could until hedging pressure begins. With prices this far under the loan there will be a holding tendency where possible, but the size of the crop is so large that fair quantities most likely will be sold and moved tomarket. Soybeans rallied on the close, as meal was quite firm, and processors have raised offerings in an effort to bring about a more profitable conversion ratio. Elevators are still the best takers of wheat on delivery, and it is thought that if the September gains on other months, there is the possibility that some of these stocks will be re-delivered. Of the 156,000 bu of rye tendered yesterday one firm stopped a good share, and prices were relatively strong.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 8, 1959

From the beginning of May to end of August, exports of grain through reat Lakes ports totaled 89.2 million bu. This was nearly eight times greater than he 11.3 million bu that were handled the year earlier. Heavier movement of corn, ats, and barley accounted for most of this increase. We also find that the inspections for export through gulf ports covered a total of 173.6 million bu of grain during he same period, which was a 28% increase over the same period of last year. As n offset exports via the Atlantic ports were down about 40% from the year before, while movement through Pacific ports was down 35%, and it is claimed that a sharp drop in oats and barley movement accounted for most of the decrease in both Atlantic and Pacific exports. Chances are that the opening of the St. Lawrence Seaway will stimulate business in the future via the lakes, and it is, therefore, altogether possible that this will continue to be at the expense of other ports. Of course, gulf shipments will still be very important in our export economy for the reason that the areas tributary to Galveston, New Orleans, and other gulf ports are still the heart of our great agricultural production, mainly wheat and sorghums, while river shipments to New Orleans accommodate a good deal of grain, which might be more expensive to handle via Chicago or Toledo. Thus we must be prepared for some important changes in the handling of farm commodities, although in fairness it should be stated that total shipments this year through all coastal areas and through the Great Lakes were heavier than they were a year ago during the period under discussion by some 72 million bu, and we may not always be able to keep up these heavy exports.

Much, of course, will depend on European crops and the activity under P. L. 480, which is presently being considered in Washington, and indications are that there will be a two-year extension. Crops seem to be all harvested in Europe and the over-all results are quite satisfactory due to more favorable weather towards the end of the summer. West Germany will probably require heavier imports than last season, while the drought in the Middle East has reduced yields of wheat and barley. The Italian wheat crop did not turn out as well as a year ago, so that export offerings have been withdrawn. France is also finding it difficult to place her damp wheat in foreign markets except for a small sale recently to Brazil and Portugal. Argentine corn, which has now dried out is being exported in good volume. The government has given farmers an official guaranteed minimum price for next year's crop of 10 pesos more per 100 kilos, which is likely to stimulate acreage.

Here at home weather was clear and unseasonably warm. There is a chance of some widely scattered afternoon or evening thundershowers in southwestern and western Illinois and Minnesota, but no moisture is indicated for Indiana, Ohio, Missouri, and Iowa. Both the corn and soybean crops are being hastened to maturity. In Canada there were enough general showers over the long week-end to delay harvesting operations. However, one of our friends believes that the flax crop may have improved by 5% over their earlier estimates, but it will require a few weeks of good weather in order to permit harvesting operations.

Chicago wheat stocks showed an increase of 116,000 bu to a total of nearly 13 million. Corn showed a small decrease as did oats, but rye increased 281,000, so that together with afloat stocks we have about 2 3/4 million bu here. Beans decreased 181,000 bu locally, with nearly 3 1/2 million bu left here.

Trade was not at all active, but there were some fair changing orders in wheat from September to December, and also to later months. First deliveries have really never come out again, and this is offering some thought as to what will happen in December and whether we are going to have a year of wide carrying charges. Flour business was extremely dull over the extended holiday, but before long there will have to be some replacements. Best prices in wheat did not hold, as there was some profit-taking. There was also an article on the broadtape that all told Russia had sold about 5 million bu of wheat to Britain over a lengthy period, but at prices considerably below our level. Corn was moderately weak except for the September, which declined in spite of a very firm spot basis. Beans were quite weak, but the volume of trade was small. Rye was moderately higher. In the Southwest we are told that it is generally dry for planting of wheat, but probably too early for any concern as most producers will purposely wait to plant with the hope of rains coming later on. We do not hear much from the Northwest yet about harvesting progress, but meanwhile there seem to be few, if any hedges placed here.

UHLMANN GRAIN CO.

Except the beginning of July to end of August, exports of grain through

[illegible] million bu. [illegible] the year earlier. [illegible] and heavy [illegible] for most of this increase. [illegible] export [illegible] covered a total of 170 [illegible] million bu. of grain [illegible] period, which was a 30% increase over the [illegible] exports via the Atlantic ports were down about 40% from the year before, [illegible] movement through Pacific ports was down 38%, and it is claimed that [illegible] accounts for most of the decrease in both [illegible] expected. [illegible] that the opening of the St. Lawrence [illegible] in the future via the Lakes, [illegible] at the expense of [illegible].

[illegible] production, mainly wheat and soybeans, [illegible] New Orleans [illegible] accounts a good deal [illegible] which might be [illegible] to handle via Chicago or Toledo. These [illegible] changes in the handling of these commodities.

[illegible] Lakes [illegible] than they were a year [illegible] some 75 million bu. and we may not [illegible]

[illegible], of course, will depend on [illegible] the outside [illegible] 480, which is presently being discussed in Washington, [illegible]

[illegible] of the summer. West Germany will probably require heavier imports [illegible], while the drought in the middle [illegible] wheat and [illegible]

[illegible] officials have been [illegible]. France is [illegible] Wheat [illegible] corn, which has now dried out [illegible]. The [illegible] has given figures on official [illegible] 10 percent more per [illegible] kilos, which [illegible]

[illegible] weather was clear and [illegible]. [illegible] scattered showers [illegible] afternoon or evening [illegible] western Illinois and Minnesota [illegible] Wisconsin, and Iowa. [illegible] However, one of our [illegible] may have improved by 5% over their earlier estimates [illegible] weather [illegible] in order to permit harvesting operations.

[illegible] wheat stocks showed an increase [illegible] 058 bu. daily, or nearly 2 1/2 million bu. [illegible]

[illegible] was [illegible] active, but there [illegible] and also to later months. [illegible] whether we are going to [illegible] of cash [illegible] was extremely [illegible] the extended holiday [illegible] prices in [illegible]. There were no [illegible] on the break and [illegible] million bu. [illegible] below our level [illegible] in spite of a very firm spot basis. [illegible] was small, [illegible] for planting of wheat, [illegible] will probably wait to [illegible] the hope of [illegible] from the Northwest as their harvesting [illegible], if any, [illegible].

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 9, 1959

This is the time of year when normally prices of fall harvested crops tend to weaken, as the anticipation of hedging pressure is imminent. Soybeans are the first to be cut and with the long, hot, dry spell, maturity has been hastened so that there is every likelihood of an ample quantity of beans in Chicago for delivery on the September contract, in addition to the 2 1/4 million bu already available in the free stocks from last year's crop. Reports from country points suggest that full-scale combining of beans will begin by the end of next week; in southern points in Illinois, as well as the Missouri areas, harvesting operations should be underway by this week-end assuming weather permits.

There are two reasons why beans might be marketed during or soon after harvest this year. The first is that the price is near enough to the loan so that farmers might not have to rely as much on government support as they have in past years, or as they do on other crops. Secondly, with such a gigantic corn crop in sight, producers might be more inclined to ship beans in order to get cash in the bank, whereas corn ordinarily is easier to store. As far as the latter crop is concerned, it is too early to tell what the moisture content will be but present weather is certainly conducive to drying and if it continues a large percentage of the corn crop might be cribbed or placed in other storage where space is available. In every section of the country the new corn price is currently below the support level, and this will be more of an inducement to store where possible, though considering the size of the crop price improvement would be difficult without attracting country sales. September still commands a fair premium, representing a temporarily tight cash market, despite the fact that there was an increase of 62,000 bu in the Chicago free supply this past week. These premiums will ease with the sale of new crop corn or if there is a pickup in sales from the stocks presently owned by CCC.

Otherwise there is no important grain news affecting markets right now, and the trade is awaiting the government report, which will be issued after the close of the market Thursday. The rye and flax figures will be important marketwise, as crops are small both here and in Canada, and prices accordingly have been firm recently. The last official figure on soybeans was 531 million bu, but a private report issued last week raised this amount to 540 million bu, and this will be used more as a measure in analyzing whatever the USDA forecasts tomorrow.

There was additional moisture in Canada accompanied by low temperatures, and though frost has not been severe some grade damage might be experienced. There is also a possibility of some scattered showers over the central sections of this country and the weather man hopefully indicates a break in the high temperatures.

The visible supply of wheat decreased 354,000 bu; this compares with an increase of 1,251,000 bu a year ago. Primary receipts of this grain totaled 2.2 million bu versus 1.8 million bu last week and 2 million last year. Kansas City and Minneapolis stocks increased a total of 208,000 bu so far this week.

There has been some export business reported, including a small amount of corn for October shipment to the U.K. Also 13,000 tons of soybeans were sold to Japan; however, that country postponed buying another 11,000 tons until later in the week. Although foreign wheat and flour business has not been heavy the past few days, India and Brazil are expected to buy 300,000 tons each some time soon, and offers on part of this have been submitted to the latter country, though other nations have been reported to be competing. Recent export sales of wheat have not been accompanied by hedge-lifting to any large degree, and futures in Chicago have eased, particularly the nearbys, as September has again gone to about a 5 3/4¢ discount under the December, which shows there is no immediate enthusiastic demand for Chicago stocks. The fact that March is currently at about a 2¢ premium over the May indicates thinking that some of our red wheat will be moved out of here later in the season.

The Commodity Credit asked for bids on 500,000 bu of #2 ordinary wheat at Duluth this morning. We heard this was part of 3 million bu declared to be off-grade.

New crop corn and soybeans were weak during the session, and crop lows were registered in May beans and all corn deliveries with the exceptionof the September. There was also profit-taking by longs in oats and rye, and both closed lower, but rye in particular.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 10, 1959

Irrespective of what farm legislation may be passed, the rules and regulations for wheat are pretty well established for the 1960 crop. It has been mentioned on several occasions that the President would address the Nation after Congress adjourns, pointing out the danger of rapidly increasing accumulations of wheat with the present carryover reserve of nearly 1.3 billion bu--the largest we have ever had. A 45% increase in the reserve from last year more than offset the reduction in the 1959 crop. This year farmers again voted favorably on the referendum, which marked the ninth successive time they cast their ballot affirmatively on marketing quotas. Thus with the minimum allotment in effect for 1960, it is estimated that a little more than 53 million wheat acres may be harvested. At the present time seeding conditions in the Southwest are not good. Weather has been dry, and it will take rains to improve the seedbed, but should the crop next season come up to the average yield of 22.6 bu per acre, we would have a crop of 1.2 billion bu. This would be about 8% larger than the 1959 crop just harvested, and would again exceed domestic requirements and exports and result in a further increase in our reserve stock. If our domestic disappearance and exports continue at about prevailing levels, the carryover on July 1, 1961 would be increased by about 165 million bu over the estimated carryover on July 1, 1960. Thus it is quite obvious that there is every reason to feel concerned over the present program, and yet Congress will adjourn shortly without doing anything about it.

In less than a week, Mr. Khrushchev will visit this country. He will no doubt be received with very mixed emotions. It should be remembered, however, that just 20 years ago this September, World War II started, since which time the whole world has undergone tremendous changes. Today, we live in what may probably be regarded as less turbulent times, but nonetheless, in a very dangerous era with the old problems in a new setting, to which the leaders of the main countries concerned are trying to find a solution. We can only wish them well in their endeavors.

Before our market opened there was not too much to guide it. Weather was clear and cooler everywhere. No important European business seems to be on the docket. Most of the countries are at present busy dealing with their own harvests, and it is a little too early yet to expect the normal seasonal increase in activity. In spite of this, free wheat in the Southwest is becoming exceedingly tight almost to an unprecedented extent for this season of the year. If there were any sharp recovery in exports, it might be difficult to obtain gulf wheat out of Texas and Oklahoma in large quantities without affecting price levels. We have stated on several occasions, dry weather is delaying seedbed preparation over many areas, but it is still too early to become greatly concerned over this development. Corn is maturing fast and in Illinois is about 30% matured, which is to say safe from frost compared with 15% a year ago, and the average for this date of 43%. Soybean harvest is progressing but only in the early fields. Leaves are still green on nearly one-fifth of the crop for our state as a whole, which is about equal to average and the same as a year ago.

Primary receipts of wheat today amounted to 1.6 million bu which compares with 2 million bu last week, and 2.3 million a year ago today. Stocks of this grain in Kansas City and Minneapolis increased a total of 421,000 bu, so far this week.

Trade was not particularly active this morning as there is a government report following the close of the market this afternoon, and of course that always commands considerable attention. The figure that should be of most interest is soybeans, and it is interesting to note that the average guess among traders in the soybean pit was just about 540 million bu, which coincides with the estimate released last week. Consequently, any variance one way or the other to any large degree would have an effect on prices, although the most important feature to this market right now is the fact that harvesting operations are beginning on a small scale now, and will expand in the next ten days.

The greatest feature in the corn market is the September, which is currently firm and reflects a tight situation in the cash market. We heard of a purchase by a processor out of local elevator stocks at 7 1/2¢ over September, but this buying is probably on a hand to mouth basis, and the big question remains whether anyone will stand for delivery with the prospect of such a large new crop.

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CHICAGO MERCANTILE EX.

CHICAGO, 4
September 11, 1959

The major surprise in yesterday's government report was the corn production figure of 4,382 million bu indicated as of September 1st. The huge amount of this cereal currently being raised almost makes up for reductions in other grains, so that over-all crop outturn in 1959 will just about equal last year's record output. Strangely enough, rainfall during the present growing season was not as plentiful in most areas of the corn belt as in 1958, but in spite of this, per-acre yields of 51.9 bu are slightly in excess of those during the previous year, and are well above the 10-year average of 40.6 bu per acre. Total feed grain tonnage will be more than ever before partly as the result of favorable weather in August, and also due to the fact that this is the largest acreage volume in the last decade. The barley crop will be of fair size and sorghum productionof 566 million bu is not far short of last year's record harvest. The biggest reduction, as we have known, is in oats and the government estimate of this crop currently stands at 1,075 million bu, which should be close to the final figure. This is about 350 million bu less than the amount produced in 1958 and means a good demand should exist throughout the season for oats even though corn and other feed grains will be in ample supply.

The USDA confirmed their previous month's estimate of a 24.2 bu-yield per acre on soybeans, the same as last year, and total production is forecast at 533 million bu. Consequently, the season will begin October 1st with approximately 580 million bu on hand, including the carryover, and the market will be influenced almost entirely by the disappearance during the coming year. If it is the same as the 1958-59 season, there should be somewhere in the neighborhood of 30 or 40 million bu inthe reserve one year hence. Right now harvest is at hand, hedges must be absorbed, and as prices are very near the loan level, farm selling should be of fair quantity. Additionally the government owns beans which are subject to sale. The conversion ratio has not been on a good margin basis as meal and oil prices have been under pressure and must compete with other feed grains, as well as cottonseed oil. For these reasons it is difficult to foresee sustained strength in the soybean market until a later date when some changes in the above-mentioned statistics occur.

There was little change in the spring wheat production figure in yesterday's official report, and the total wheat crop will be very close to 1,116 million bu, 24% less than last year but slightly more than average. Itwas also mentioned that hay crops improved during August and the amount of this feed available in the coming year will be almost as much as in the previous year.

The soybean market was firm on the opening, but selling by commission houses and locals broke prices below the previous close. Because there was a lack of hedging pressure we made inquiries from our Illinois offices as to when full-scale harvesting operations might begin, and the general reply was that a few beans which had been combined now bring a small premium, and are therefore probably not hedged in the futures market. Also sales earlier in the season will be filled by the first run, and the movement should gain in volume toward the middle or end of next week.

Very definitely it appears as though new crop corn will move to market before this month is ended, and reports from both Ohio and Illinois suggest that if weather remains dry next week some of this grain will be rapidly dried and shipped to market, particularly where good premiums exist.

Exports of wheat are running slightly ahead of last year, and since July1st they total 77 1/2 million bu compared with 63 1/2 million bu at this time in 1958. Corn exports since October1st amount to 197 million bu, which is also more than ayear ago. Wheat was a little easier as deliveries on the September contract continue to circulate, and since stocks of red wheat in Chicago are large, there seems to be little immediate demand for this grain, and this condition might exist until the end of the year, or until such time as an export demand develops. The CCC continues to offer wheat from its stock in the Northwest. An additional 400,000 bu was sold overnight. Mill business is not particularly active, although one chain is reported to have booked an additional 30-day supply of hard winter flours the last day or two. As far as other grains are concerned, rye was weak, probably as a result of profit-taking, and there is not too much in the picture right now, although with the small crop there will most likely be support on breaks. Oats broke in sympathy with other feed grains following the bearish government report.

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CHICAGO, 4 September 14, 1959

Mr. Khrushchev will arrive in this country tomorrow, and his ego may well be inflated because of Russia's accomplishment in hurling the first object to a celestial body. World scientists will laud this amazing feat and it is to be hoped that the scientific data obtained will soon be available for study by all countries. In the field of agriculture the Russian Premier is tacitly admitting an inferiority complex, having expressed a desire to visit the farm of Roswell Garst in Coon Rapids, Iowa. Without doubt he will witness the finest farming operations in the corn belt and will see with his own eyes a crop nearly ready for harvest. From our talks and friendship with Mr. Garst, we are certain that many acres of his land will yield from 100 to 150 bu. It is well that Mr. Khrushchev sees the best of our corn lands and the finest in technological seed development. For then it will not be difficult for him to believe that the yield of corn in this country has gone from 30 to 52 bu over a period of two decades. He is more apt to understand that the yield of oats during the same period has risen from 28 to 45 bu.

The Russian boss has never been in this country before, but two decades ago only 10 to 15% of the hay produced on corn-belt farms was machine-baled. Now the figure is over 90% and much of that will be brought to his attention. Less than 30% of the corn was picked by machine a score of years ago; now it is over 90%. 20 years ago a typical corn belt farm used a tractor and 4 horses. Today it uses 2 or 3 tractors and no horses. These advances on corn-belt farms are paralleled by similar progress in other agricultural fields and in industry throughout the country, including the wheat belt and the cotton areas, and the dairy regions. He will undoubtedly be told that the technological revolution has enabled our agriculture to increase production in the past 20 years 50% faster than population growth. He will see amongst the finest herds to be found anywhere in the world, and he will note that antibiotics have increased the growth rate for both pigs and cattle and saved feed besides. Mr. Garst on two of his three visits to the Kremlin explained these things to Mr. Khrushchev; now it becomes a reality.

Weather was of no consequence over the week-end. Temperatures may be a little below normal but there are no frosts indicated for the important corn and soybean areas, so that crops should go forward toward maturity. In Canada it was a favorable week-end in the West and harvest should be underway in some districts.

Broomhall spoke of damage from drought and locusts in many parts of the Middle East. China, as we know, had one of the worst years for agriculture in a very long time. Some parts of Russia had very small yields, while the wheat crop in Italy was much less than last year. On the other hand, France and Great Britain raised large crops of fine quality wheat.

There was not much in the statistical news today. Chicago wheat stocks declined 44,000 bu, leaving 12.8 million here. Local corn stocks went down 242,000 bu, leaving 21.8 million in our market. There was a declinein oats of 231,000 bu, while rye showed a slight decrease. Beans showed the largest decrease of 567,000 bu, leaving about 3 million bu here. A good quantity went out via the lakes.

Wheat, in spite of light commercial business, showed firmness; however, winter flour sales were extremely light over the weekend, and there was not much discussion of export business in either wheat or flour. Futures prices in the Northwest were also firm, indicating that there was not much hedging pressure up there either. We had reports that some new corn was being booked downstate, although not generally in large quantity. Nevertheless, September corn was weaker than the deferred months. The spot market also eased considerably. Some beans were being sold for quick shipment on premium bids but still not in large volume as far as Illinois was concerned. For other states, it was reported that a fair commercial quantity was moving. This and some hedging pressure imparted weakness to beans, with the result that September and May sold at a season's low. In corn, all but the September future went into new low ground. A broker associated with a corn processor was a good seller of September corn, while commission houses bought the deferred months which acted as somewhat of a cushion, but did not fully offset selling orders. According to an item appearing on the broadtape, Decatur had 247 cars of beans today, and most of this constituted arrivals from the new crop. The corn hog ratio was 11.2 vs 16.2 last year and 11.0 a week ago.

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CHICAGO, 4

September 15, 1959

There are certainly no shortages in the amount of wheat available for world usage, especially on the North American continent. As we know, the U.S. began the present season, July 1st, with 1,277 million bu even though this year's crop is a good deal smaller than last year's record production. An increase of 45% in the reserve from 1958 more than offsets a 50 million bu reduction in Canadian supplies currently estimated at 951 million bu as that country begins a new crop year. The total amount of wheat harvested in Canada is expected to amount to 405 million, which is a fair increase over the preceding summer in spite of less than ideal growing conditions. When supplies of our two nations are added, it results in a tremendous amount of this grain not only for domestic consumption, but also for foreign shipment wherever possible.

Since yields of wheat in some foreign lands are comparatively poor, the export outlook for Canada and the U.S. in the next 12 months is a bit more encouraging. However, France and Great Britain both raised large crops of good quality wheat, and Australia, generally a fair sized exporter, increased its surplus in the past year as did Argentina. In the latter case reserves are being maintained as the new crop may not approach expectations. In these two countries alone supplies on hand today amount to more than 100 million bu above the previous year. Consequently competition should be keen during the months ahead, and the U.S. continues to offer surplus wheat on an exchange for foreign currency and barter basis, and currently a fair quantity is in the process of being sold to India and Brazil. In that light, the Senate and House Conferees have agreed on a two year PL 480 extension bill which was expected to pass this week although Congress is now adjourned, and action may be delayed until reconvention.

Although there has been no moisture reported anywhere the past 24 hours, a cool front has reached the Midwest and there is a possibility of some light rain or drizzle sometime today. It does not seem as though it will amount to much according to the Weather Bureau, and the prospect of full scale soybean harvesting seems imminent and by this weekend field work should be rather well underway. In the Southwest conditions remain dry and moisture will be needed in order for soil to be in the best shape for fall wheat planting which will begin shortly. As far as Canada is concerned, as much as 12 degrees of frost was reported in Saskatchewan, but there is little concern for crops as maturity has advanced them beyond the damage stage. There has been quite a bit of interest in the Canadian flax market recently as prices were extremely firm, but during the past few trading sessions some reactions have occurred, and advices from Winnipeg indicate that hedging pressure will increase and for the time being they expect that market to work irregularly lower.

The visible supply of wheat decreased 1,196,000 bu which compares with an increase of 4 million bu a year ago. Primary receipts of wheat amounted to 2.8 million bu versus 4 million bu last week, and 2 1/2 million bu a year ago today. Kansas City and Minneapolis stocks increased a total of 150,000 bu so far this week. It appears that farmers in the Southwest have their grain put away either on farms or in elevator storage, and that the loan will be a big factor during the coming months. In some cases, where protein varieties are in better demand, prices are near and even above the loan, so that a hand-to-mouth buying and milling situation exists. Our market reflects this, and prices remain relatively firm, especially in comparison with other grains, except for the fact that red wheat continues to circulate on delivery. Much depends on whether this class will be in demand for export later in the season, as this year's red wheat crop was smaller than a year ago.

Free stocks of corn decreased 200,000 bu, and 936,000 bu remain in the free supply, but this in addition to early shipment of new corn is affecting the September future, which is losing its premium, and was as little as 3 1/2¢ over December today.

Soybeans were firm from the start as the possibility of some rain might delay harvest, but of more importance was the report by the American Soybean Association that an expert from Iowa, after surveying that state, Illinois, Indiana, and part of Ohio returned with the impression that soybeans are below height and less than normal pod set, and his estimate of the crop is now 500 million bu. There was very little commercial business.

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CHICAGO, 4 Sept. 16, 1959

Inflation is something that is constantly on the minds of the public. It is being discussed daily in the newspapers --it has been variously defined, but in our opinion it is best described as a state of affairs when people never earned so much but parted with it so fast. The Administration is having a very difficult time trying to hold inflation in check. The President has vetoed any number of bills, many of them in an effort to restrain the Congress from spending more money than could properly be budgeted. Production at the present time is high, and there is no scarcity of commodities, so that the price level has been held fairly well. However, there is little doubt about the ultimate and effective inflationary tendencies that would be caused if wage earners in the steel industry had been given the entire increase in wage structure that was asked for. Other industries would undoubtedly have been affected in the same, or somewhat similar proportion.

Marriner S. Eccles, former Chairman of the Federal Reserve Board, analyzed this problem as follows: "If all of the other workers of America --more than 65 million --were to demand and receive these same benefits, it would add 52 billion dollars to the cost of goods produced. There would be nothing 'creeping' about the resulting inflation."

Before our market opened this morning, the Weather Bureau had called attention that there was a chance for scattered frost in Illinois, Indiana, Ohio, Wisconsin, and Iowa. They were more specific in predicting frost or freezing temperatures for Minnesota, the Dakotas, and Montana. It is quite doubtful whether a frost at this time, even though it is earlier than usual, would have too much importance on the quality of corn. For the state of Illinois, it is progressing rapidly and 90% of the crop has reached the dent stage while 55% is mature enough that it is safe from frost. Most of the late corn lies in the eastern counties, while some of the earlier corn is being picked and silo filling continues in full swing. With the crop so large there must be enough good commercial corn so that with the large quantities raised, partial damage would not become an important market factor. Nevertheless, corn and beans both opened a little higher and a good many people point out that the average killing frost for Illinois and Indiana is about the 8th or 10th of October.

Farm selling of wheat in Kansas and adjoining states continues extremely light, but terminal elevators have been a little more aggressive in their selling attitudes to make room for milo and soybeans. Altogether there is not much pressure on markets, and as a matter of fact, there is a fair amount of export business in prospect. By the end of the month, Brazil will probably purchase 6 cargoes of our wheat, which will come from Commodity stocks on a barter basis, but early in October they will ask for offers on 150,000 tons of number two hard wheat. Syria and India are also in the picture, and as we have pointed out recently total shipments to-date are ahead of last year.

Primary receipts of wheat today were rather small at 1.2 million bu; this compared with 2.2 million bu last week and 1.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 257,000 bu, with the northwest market acquiring some wheat, while in the Southwest there is a small shrinkage.

Wheat prices were inclined to weaken. There was some local selling probably due to the small commercial business, but other than that we heard of no news that might have caused the break. A few stop-loss orders were uncovered, and there was not much of a recovery, even after the selling subsided. Mills were generally in accord that flour business was small, although offers are being submitted today to CSS on about 333,000 CWTs of flour. This is presumably for domestic relief distribution, but the awards are not due until next Monday. Corn was a little higher at times, having been influenced possibly by the weather forecast, but Iowa, like Illinois, reports excellent progress toward maturity during the past week, although light frosts occurred at a few scattered points, but the total area affected was fairly small and damage was generally regarded as negligible. Beans were firm at one time, but best prices did not hold, and at the close there were no important changes. Rye was higher, and part of the strength undoubtedly could be attributed to advices given by a cash and futures firm which had recommended purchases, feeling that this cereal offered the best buying opportunity of any grain.

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CHICAGO, 4 September 17, 1959

Top prices for cattle and hogs last season encouraged production, which in urn resulted in lower prices as the prospect of heavy animal marketings became apparent. This is a natural circumstance when supply and demand practices are allowed to work normally and are left to their own devices. If there is too much of a commodity, it is reflected in lower prices--when the producer's profit margin dwindles, he reduces output and eventually values stabilize and even increase. It is, therefore, hoped that the government will let the present livestock situation readjust of its own accord because to institute price supports would only encourage continued large animal crops. It would thus force surpluses such as we presently have in grains as the result of years of government loans and other artificial price props.

The USDA has published figures indicating that this year's farm income may be even less than originally expected with most of the reduction from the sale of livestock. In recent years farm receipts have not always kept pace with an expanding economy in commerce and industry. The loan program has created over-production of most grains, and the resulting lower returns may have forced some growers to try and raise more to make up for the smaller per bushel values. This is a futile process. Although this year's total crop will be about equal in size to 1958, profits will be lower. Of course, operating costs are partly to blame, but net farm income for 1959 is expected to be at least$1 billion less than the $13 billion earned the year before.

The Agricultural Department has announced their selling program for soybeans from October 1st through the end of the year, and though they have lowered the minimum price at which they plan to sell government owned beans this fall, the reduction is not as great as it could have been. Their purpose is not to compete with free marketings from the 1959 crop which will be harvested during this period. With the national average support price at $1.85 per bu, the minimum average price at which the CCC can sell from their stocks will be $2.05 per bu, but it is still possible that after the first of the year their inventories will compete at a closer to the loan level.

The forecast of frost and freezing temperatures did not materialize overnight except possibly for extreme northern sections of the country, and even in those locations the thermometer did not go low enough so that any damage to crops is likely. There were a few areas southwest where some rains were received, and it appears as though this moisture is moving into the corn and bean belts, and this morning a few light drizzles have occurred at Cedar Rapids, Iowa, Omaha, and Kankakee, Illinois. The 30-day Weather Bureau outlook starting in mid-September calls for sub-normal precipitation over the northeastern quarter of the nation, above normal in the southeastern quarter and Central Plains, and normal in other areas.

Wheat and flour exports so far this year have totaled 91 million bu which is 20 million greater than a year ago according to Broomhall. With only two weeks left in the crop year, corn shipments for the season are running approximately 35 million bu better than the 1958 season. The same source reporting on foreign crops indicates that weather has been favorable over most of Europe for conditioning, but soil over wide areas is much too dry for plowing, and although ample time remains for completion of this work, moisture will be beneficial for fall planting. Wheat production in France may total around 11.6 million tons, a good deal larger than last year and better than the preliminary prediction.

Monday is the final day for trading in September contracts, and as of the close yesterday the open interest in the nearby wheat is relatively small. Corn on the other hand is fairly large, and 5.8 million bu of September must still be settled with less than a million bu of free corn in deliverable position. The spot market for cash corn is about 5 over, but to-arrive bids for next week's shipment are quite a bit lower as we are nearing harvest of the new crop. The open interest in September rye is 2 1/4 million, and in September beans almost 4 million.

Though wheat was subjected to liquidation early in the session, prices recovered somewhat and country selling in the Southwest continues light, and in Minneapolis demand for wheat is quite good even though harvesting operations are presently concluding. The UAR has requested offers on some flour and is expected to make initial purchases of soft white and red wheat next week.

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CHICAGO, 4 September 18, 1959

There is nothing in the weather as far as we can see to alter previous calculations as to the amounts of feed grains we shall have on hand this year. A record supply totaling 234 million tons is in prospect, which is about 17 million tons more than last year and 66 million above the 1953-57 average. Feed grain production was estimated at 166 million tons on September 1st, or 5% above the record production last year. This year's corn crop will be much larger than that of 1958, but smaller crops of oats, barley and sorghum grain are being harvested. The carryover of feed grains into 1959-60 is expected to total about 68 million tons, 15% larger than last year and nearly double the 1953-57 average. We tabulate below some figures which will show that every year since 1953, carryover stocks and production of feed grains have been increasing, which in turn means that total supplies have naturally done the same, to wit:

(Million Tons)	1953	1954	1955	1956	1957	1958	1959
Carryover under Loan	16.6	22.6	29.7	34.7	40.8	49.2	58.0
Free Supplies	10.4	9.1	9.4	8.6	8.1	9.9	10.0
Production	117.5	123.9	130.9	130.2	142.9	157.7	165.5

As an offset we have been very fortunate in that utilization has also been on the increase, although not at a rate rapid enough to overcome the building up of supplies. Nevertheless, figures showing the amount fed to livestock, also used for food and by industry, as well as the quantities for seed and exports are given below:

(Million Tons)	1953	1954	1955	1956	1957	1958
Total-Utilization	115.0	117.4	127.5	125.5	133.7	149.2
Year-end Carryover	31.7	39.1	43.3	48.9	59.1	68.0

The Quaker Oats Company spoke rather optimistically about soybean yields in early harvested areas. They figured, however, that the per-acre yield might fall a little below government estimates, which according to our calculations will mean a crop of about 525 million bu. Conditions for corn during the past three or four weeks have been ideal in bringing the crop to maturity. Generally speaking, corn is from a week to ten days ahead of normal in all areas. The cool air that we are getting this week is said to be very dry and is helping to reduce rapidly the moisture content of mature corn. For the most part the crop is made, and these abnormally low temperatures will have no effect on the size or quality of this year's bumper yield.

In Canada we learned that weather continues favorable for harvesting, and according to one of our friends in Winnipeg, the frosts they have had have not damaged the flax crop. Actually where flax is ready to be harvested frost is good as it kills undergrowth. There had been a lot of weeds growing through the fields which was slowing up maturity and they concluded that a good sharp frost would assist the harvest. These people believe that Canada will have no difficulty at all in disposing of the flax crop at a reasonably good price.

Primary receipts of wheat amounted to 1,450,000 bu which compared with 1,720,000 bu last week and 2,380,000 bu last year. KansasCity and Minneapolis stocks showed a net increase of 167,000 bu. When the visible supply of wheat is posted next Monday it will compare with a decrease last year of 653,000 bu.

There was very little trade in wheat, and commercial business remains extremely slack. Flour business is poor and new buyers are in a hesitant mood. We understand that next Tuesday the impounding figure will be released, and it will give us more of an insight into how fast farmers are making loan entries. We do know that there is a strong holding tendency, but whether producers are just holding receipts or applying for loan is difficult to say. There was some liquidation today in both soybean oil and meal, which had a rather adverse effect on beans, but more than this the movement next week should enlarge, and no doubt there will be more hedging pressure. Corn prices were lower with December going into low ground for the season, although the September delivery which expires on Monday, was relatively firm. We were not surprised at yesterday's pig report showing a decrease from earlier expectations. Feeding relationships will naturally modify farmers' views, with less incentive now to build up livestock numbers. There were some nice rains reported over parts of the Southwest, but not much precipitation is expected over the Corn Belt. Temperatures seem to be moderating a little, but are subnormal for this season of the year. Rye declined, and weakness at Winnipeg afforded some discouragement.

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CHICAGO, 4 September 21, 1959

Over the week-end there were some fair amounts of moisture received, mainly in the Southwest, with Kansas the best recipient, and some places in that state claim that as much as 3 1/2 inches fell. Lesser amounts were received in Iowa; otherwise the corn and bean belts remain dry. Where this precipitation was received, ground conditions will be improved, and this is most important at this time of year for the fall planting of winter wheat, and though there is still plenty of time before seeding activity gets underway, farmers have shown some concern regarding soil conditions. The Mid-West has been without moisture in many places for some time, and the Chicago Weather Bureau reports that no rain has fallen in this city during the first 20 days of the month, which if continued for six more days would set an all-time record. It is difficult to imagine such bountiful farm returns considering climatic conditions we have had this year. Except for the state of Iowa, very little moisture was received through the corn belt during early July, and in the past month amounts have been negligible. Of course, utilization of fertilizer has become very prominent in obtaining increased yields, but the most significant factors in this year's large crop probably were the few but perfectly-timed heavy rains late in July and early in August. The over-all water received during this growing season will be quite short of the year before but corn and soybean yields per acre are turning out about the same because the crop was planted under ideal soil conditions, and rainfall, though comparatively light, was received at the most opportune times.

There is no doubt that the government is the most important factor in the ownership and marketing of most commodities grown, but figures released throw new light on CCC ownership. Total stocks of wheat in all positions on July 1st amounted to 1,276 million bu, of which all but 72 million bu were under federal authority. The same is true for other grains--for example, sorghums were 95% owned by Commodity Credit, and of the total of 2.2 billion bu of corn, only 33% was available in the free market. On this mentioned date 73 million bu of soybeans, 94 million bu of oats, and 9 million bu of rye were either owned or controlled by this government agency.

Today is the last day of trade in September contract, and with soybean combining well underway now and corn harvest just around the corner, these expiring contracts will be somewhat influenced, as anyone who stands for delivery will do so with the realization that new-crop products will currently or presently be available. On the other hand, in these commodities as well as other grains technical factors are prevalent on the last day, and often it is a question of evening positions between longs and shorts.

A report from a Springfield, Illinois newspaper said it has been officially confirmed that cyst nematode has been found in soybeans at the southern tip of Illinois, and this area has been closed to automobile traffic as strictest precautions are being taken.

Japan, one of the large takers of U.S. soybeans, has eased restrictions governing imports of ten commodities including this one, and it is very possible that country might materially increase total imports of beans from the United States in the future. According to Broomhall the acreage planted to wheat in the Argentine this year is estimated about 1 million more acres than expected but fewer acres than last year when 247 million bu were raised.

Chicago stocks of wheat increased 85,000 bu this past week and supplies are slightly below 13 million bu. Corn increased 160,000 bu, part of which was new crop grain. Total supplies of rye in Chicago are 2.7 million bu. There are 3.3 million bu of soybeans here.

The soybean market was lower throughout the session as hedging pressure predominated and best buying was probably in the nature of profit taking by shorts. September sold at a 4¢ discount under November as it appears as though there will be enough beans on hand to satisfy near-term demand. For much the same reason September corn lost much of its premium and even though country selling won't develop on a broad scale for possibly 2 to 3 more weeks, there appears to be little demand for the free corn remaining in local elevators except on a hand to mouth basis by processors. September wheat expired at about a 4 1/2¢ discount. September rye after wide fluctuations closed on a weak note. September oats were about unchanged on the average.

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CHICAGO, 4 September 22, 1959

After the close of the market yesterday, the Department of Agriculture reported on price support activity, and during the last thirty-day reporting period nearly 66 1/2 million bu of wheat was impounded, which brings the season's total to a figure of 174 million bu. In contrast to last year when to this date 237.5 million bu had been placed under loan, this might appear like a rather small amount. However, the total spring and winter wheat crop this season is estimated at 1,116 million bu, which is a drop of 346 million bu from the year before. Thus it must be obvious right from the start that we would never reach last year's record for total impoundings, even if price relationships had favored a holding tendency. Nevertheless, yesterday's report gives us the basis for some figuring, which we shall attempt to do at this point.

Total export shipments this season should conservatively reach a figure of 430 million bu. We may assume that possibly 130 million bu will come from government holdings, so that net shipments from the free supplies would be about 300 million bu. To this figure we must add domestic utilization of about 625 million bu, so that for the two categories: namely, free wheat exports and domestic usage, the disappearance would total 925 million bu. If we add to this latter figure 174 million bu, which is presently under loan, it would add up to nearly 1,100 million bu, which practically equals this year's wheat yield of 1,116 million bu. We may further assume with a fair degree of certainty that more wheat will go into the loan, but by the same token if prices stay at present levels, there could be some withdrawals. These are all factors that cannot be accurately anticipated this early in the crop year, but we are of the opinion that in the final analysis the situation between actual demand and free supply is a little more closely adjusted than is sometimes realized. What we are saying now constitutes a projection of what may be the state of affairs by next May.

During the interim period we have a long lag as neither exports nor home usage should cause any immediate tightness, as it naturally takes time to make inroads into the surplus wheat which is presently on hand. Therefore we are not advocating an outright bullish position based on the factors just cited, but we mention it only to show what could happen before another crop is harvested. Then, of course, there is also the 70 million bu of free wheat that was available on the incoming crop, but this is barely a minimum reserve considering that we have hundreds of mills throughout the country, each of whom will probably want to carry some supplies on hand, and it also takes into account wheat which is out on the Pacific Coast which does not very often figure in the commercial statistics of the Eastern states or of the Mid-West.

It is interesting to note that of the total amount of wheat impounded nearly 82 million bu was inKansas, whichis nearly half of the total, while Oklahoma had nearly 21 million bu under loan, with Nebraska ranking third, with more than 17 million bu. The soft red winter wheat states did not count very heavily in this program, but in view of the fact that the crop was considerably smaller than last year, and that there will probably be a fairly good demand for this class of wheat, this was not an unexpected development. At the same time it places Chicago in a relatively protected position, as there is not apt to be an immediate demand for the accumulated wheat here with cheaper offerings to the east of us.

Primary receipt of wheat were smaller than both last week and last year. Kansas City and Minnespolis stocks show a total increase of 115,000 bu.

Wheat was under some pressure. Commercial demand remains slow, and we heard that a small boat of red wheat was due in Chicago from Toledo, and there is also a small boat of white wheat expected to come here from Michigan. Beans were quite strong and advices from downstate told of beans going into store. Should a holding tendency develop we may not get the hedging pressure that had been expected. Corn was without much feature, but the market was relatively firm, and the river bid for new corn was advanced 1¢ per bu, with very few bookings reported. Rye prices declined, and the CCC was offering some of its holdings in Minneapolis. They are supposed to have in excess of 4 million bu. The weekly crop and weather report was optimistic on progress of corn and beans, but it was claimed that more precipitation is desired in parts of the Great Plains. Planting of winter wheat is pretty well up to normal, and in some places even ahead of other years.

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CHICAGO, 4 September 23, 1959

Premier Khrushchev is in Iowa and will visit some of our best corn lands with the hope that Russia can emulate some of our methods and improve her agricultural production, particularly of feedstuffs. No doubt he will become familiar with our best techniques, but this alone is not sufficient to make Russia the great agricultural country for which the Premier aspires. To understand Russian agriculture, let us point out that they have approximately 320 million acres producing grain crops, of which 155 million acres, or nearly half, are devoted to wheat production. Russia has about 59 million acres planted tocorn, of which only 23 1/4 are grown for grain, while about 67 1/2 million acres are sown to oats and barley. It is quite understandable that the largest area of land is sown to wheat because it is a region ideally suited for that grain, but the degree to which agricultural production can be adapted to the growth of other grains is a problem that has faced Russian agricultural research workers for many years. Precipitation is relatively low over most farm areas and temperatures run to extremes. Taking some of their best lands to the West, South, and Southeast of Moscow, we give a few statistics to bear this out:

	Absolute Minimum Temperatures	Average Yearly Precipitation
Kiev	-22.0 °F	23.2 inches
Dnepropetrovak	-32.4	17.5
Omsk	-56.0	12.1
Rostov	-19.0	17.9

Besides the question of weather, there are other handicaps that even a great agriculturist like Roswell Garst cannot cure for a country that lacks adequate transportation, and which to a great extent may explain many crop anomalies. Thus there is the need for regional self-sufficiency due to the fact that grains cannot adequately be transported even by truck in some areas because of poor roads. Furthermore, the need toemploy large peasant populations on farms is almost a necessity unless they can be absorbed in urban industries. This problem, however, is being solved as Russia becomes more of an industrial country. When one travels through the farm districts he is impressed by the incongruous mixtures of primitive farm practices and highly mechanized agriculture. It is estimated by the Ministry of Grain Products that hybrid corn seed is being used on 80% of the acreage planted for grain, whereas hybrids were grown on 60% of the acreage used for fodder. The main drawbacks to getting large corn crops are the short growing seasons and drought, while disease appears not to be a major factor. Rye, of course, is an important grain crop in the Soviet Union. According to the 1956 statistics, it is raised on 14.4% of their total grain crop area or approximately 46 million acres. Next to wheat it is the most important of the cereal grains grown in the U.S.S.R.

Primary receipts of wheat were quite small and amounted to only 739,000 bu which compared with 1,246,000 bu last week, and 1,677,000 bu last year. Kansas City and Minneapolis wheat stocks show a net increase so far this week of 134,000 bu.

Wheat prices improved today and we have thought right along that even though the commercial business is rather slow, particularly flour demand, there would be no pronounced weakness this season because sharp breaks would no doubt tend to increase the amounts that farmers would impound. With the vast amount of storage in the country there may even be a lot of wheat held back that does not finally go into the loan. In any case, there is not much pressure except occasionally where some wheat has been moved southwest to make room for sorghum grain. The bean market improved, and in this commodity there is also a strong tendency to store rather than to sell. Furthermore, the harvest is drawn over a longer period than in other years. We heard some comments that the yields in Illinois and Indiana are poorer than last year. This, however, should not prove surprising as the government already indicated 1 1/2 bu less per acre for Illinois than in 1958, and we have also been aware of some poorer yields along the western counties of Indiana. Corn prices advanced, and there was some buying of this cereal against sales of wheat, probably the undoing of spreads. Offerings were light, but the crop is so large that we do not expect sustained strength at least early in the season. Rye had a fairly good advance but the Winnipeg market was not up as much as we were. Apparently weaker holders sold out previously.

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CHICAGO, 4 September 24, 1959

Reports emanating from sections of Illinois and Indiana yesterday indicated soybean yields are not up to expectations. The fact that they are below last year in Illinois was already forecast in the most recent government report, and it may be that concern is prevalent because mostly early maturity beans have been combined so far. Accumulating all information received so far would lead us to believe that the crop is still pretty close to the official estimate in size. Evidently the tendency will be to store a fair percentage, and this can come as no great surprise as so much storage space has been built in recent years, which growers have become accustomed to using.Beans retain their good condition readily if moisture content is low enough when they are harvested. Many advices are predicting higher prices later in the year, and as farmers are inclined to be optimistic in this regard it becomes increasingly more difficult to part them from their product, especially when they have the loan to fall back on. However, the fact that prices are so close to the loan level makes it difficult for us to believe that much of an increase in value is imminent. This is accentuated by the fact that the products - have declined substantially, and an improvement in the crushing ratio should precede advances in beans.

There was additional moisture in the Southwest again overnight, especially in Kansas and Oklahoma. Though this delays harvesting of fall grains, the rains are welcome as far as soil condition is concerned for the seeding of winter wheat. The weekly crop bulletin states that about one-fourth of this grain has been sown in Oklahoma, and as over two-thirds of the counties are short on topsoil, and about 40% are short on subsoil moisture, these and more rains are essential. Unsettled weather remains in the Corn Belt, and this, too, was a major factor in firming markets yesterday and on the opening this morning. Delays in harvesting beans and corn caused temporary nervousness, although with the amounts of corn carried over from the old crop, at least in some places, there is not an immediate pressing demand, and farmers will certainly be in the fields shortly. With the tremendous supplies of corn expected, pressure must be forthcoming, and it is likely that our market will be affected. Farm cribs will be used on a heavier scale than ever before and incidentally, it has been mentioned that Montgomery Ward sold every inch of wire fencing from their entire supply. Even so, some surpluses are bound to be sold as this year's crop is out of proportion with past years, and many producers will not spend the additional money to build farm storage for what might be only for one such large crop.

For some time long wheat and short corn and beans have been popular trades, and there is evidence of unwinding of these positions the past few days. Consequently, wheat had eased some, but yesterday regained part of its loss, as much of the expected sales of red and white wheat to U.A.R. were consummated. With so little actual farm selling thus far, values of this grain are better in relationship to the loan, and will probably remain so unless country offerings expand. Since the first of July our wheat and flour exports have amounted to 95.3 million bu, according to Broomhall, and this compares with 80 million a year ago. Shipments of corn for the season, which will end on October 1st, total 203 million bu, about 30 million better than the previous year. Rye exports since July are 1.4 million bu vs 4.8 million bu in 1958, and this was to be expected as the crop is quite a bit smaller than the previous one, and there should be a fairly close adjustment later in the season.

Primary receipts of wheat amounted to 1,263,000 bu compared with 1 1/2 million last week and about the same a year ago. Stocks of this grain in Kansas City and Minneapolis increased a total of 164,000 bu so far this week.

Markets were very quiet and fluctuations were narrow for most grains. - A sale of about 600,000 bu of corn was made to Israel, and one exporter evidently did the entire business as they were reported to have bought about that much December corn, thus stabilizing that market. Countryprices of soybeans are about a cent lower not because the volume of selling is heavy, but because futures prices have advanced and processors are evidently not momentarily eager to follow advances. Nearby oats have been firm the past few days somewhat in sympathy with corn. Since the crop is of comparatively small size, this market has held fairly well in recent weeks in spite of weakness in other feed grains.

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CHICAGO, 4 September 25, 1959

Up until now Nikita Khrushchev's trip through the United States has been mainly of a sightseeing nature, and he has displayed quite a brilliant personality. What happens from now on in his meetings with President Eisenhower, as well as events following his return to the USSR, will be proof of his sincerity. For the most part the Russian leader has attempted to be heard; to convey his message rather than to learn ours. Though he seemed more impressed with himself than the countryside, some of what he saw must have made a tremendous mental imprint. For example, the buildings, automobiles, clothes, farm and rural living conditions, as well as the freedom of expression, speak highly in favor of the Capitalistic way of life. We prefer to call this free enterprise, democracy, and the American way.

It is true that Communism has made tremendous economic strides in Russia in the past decade. It had to, as that country was one of vastly uneducated peasant masses. Under their system these people were assimilated, educated, and for the most part regimented. Productivity increased and strides were made because they began with practically nothing and where that government has concentrated its energies, largely in science and military fields, they have succeeded up to a point, but the important feature is how they will fare in the future. Mr. Khrushchev has shown intense interest in American agriculture, since less than 10% of our population tills the land compared with 50% in his country. One Russian farmer feeds himself and four others, while an American producer grows enough for 24, and this could be enlarged if it were not for federal curbs. In spite of the numbers employed, Russia produces one-third as much meat and one-half as much grain per capita as in the U.S. They have shown a desire to copy our technology, yet under their system of Socialism they fail to understand the basic reasons for the shortcomings of the Socialist society. When freedom of choice is restricted, then incentives are lost and the standard of living falls below what it would be under private ownership and free and competitive exchange.

In 1913, Russian production of steel ingots lagged behind the U.S. output by 21 years, and by 1955 they had fallen 29 years behind. Later figures are not available. Electric power production in this time span also lagged behind that of our country to an even greater degree in 1955 than it did in 1913, and from 1937 to 1955, the manufacture of butter, shoes, woolen goods, paper, fertilizer, and petroleum either showed no gain or continued to fall behind output of those products in our country. Some people would socialize the U.S. for fear the Communists are making important gains, but in very few instances is this true. The one facet of Socialist cleverness and leadership is propaganda, and in this field they seem to have scored the best gains. For these reasons it is necessary that Socialism does not become mixed with Capitalism because the halt of continued progression and expansion would result.

There was very little news overnight to guide traders on the opening, but beans continued to sag. Despite some additional moisture over much of the Midwest, processors are evidently able to buy more than their daily crush, and most of them appear confident that they will accumulate enough supplies to meet requirements between now and end of the year. This is in spite of the fact that a good many farmers are storing or otherwise holding beans in the hope of higher prices later on. There was some buying of oil and selling of meal, but neither of the products has been able to maintainprice advances recently, and until they do it probably will be difficult to expect much improvement in the value of soybeans.

We are advised by sources in Iowa that corn in the field now contains on an average about 28% moisture, which is not high for this time of year, but it does indicate it will be 3 to 4 weeks before full-scale harvesting begins in that state. There are places in Illinois that did not receive as much moisture during the season, and consequently corn is drier, and in some cases farmers are already gathering this grain. Yields so far appear to be excellent. With this outlook, our market should be under constant pressure for a time at least. Sales of higher protein value wheat in the Southwest increased overnight, with most shipments headed for the Gulf. Elevators are attempting to make space available for milo which will be marketed shortly.

Primary receipts of wheat amounted to 1.7 million bu, which is approximately the same as last week and a year ago.

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CHICAGO, 4 September 28, 1959

There was some very heavy moisture over the week-end and parts of the corn elt received a real soaking. This was especially true in the Springfield, Illinois rea, where as much as 5 inches of rain were reported. It also rained heavily in he St. Louis territory and there was precipitation ranging to 3 inches at Lincoln, ll of which will delay the movement of beans and corn, but whether this is more han a temporary factor remains to be seen. There was also a forecast by the Weather Bureau for a tornado in portions of central and east central Missouri and west central Illinois. Winds of high velocity with thunderstorms were expected to develop this forenoon, with damaging winds and hail and the possibility of heavy blowing in areas around Springfield, Missouri extending to Peoria, Illinois.

Early indications were for a feed grain crop of 166 million tons as indicated by the September 1st report. If this is borne out it would be 5% above last year's record and more than one-fourth above the 1953-57 average. The carryover of feed grains into 1959-60 is expected to be up around 15%, which is 59 million tons in excess of the previous season and was accomplished even though total disappearance had been at a record level. The total 1959-60 supply of feed concentrates, including feed grains, by-product feeds, together with wheat and rye, to be fed to livestock is estimated at 263 million tons, 7% over 1958-59. It is considered more than likely that domestic use and exports will continue heavy in the coming season. The corn supply, including carryover, should total nearly 6 billion bu, which would be an increase of 662 million bu over the year before. The oat supply on the other hand is down 16%, while there is a decline in the barley supply of 5%. Sorghum grain, including crop and carryover, is expected to be up 15% to 1,066 million bu, which would exceed yields of oats and barley in total tonnage for the first time in history. The production of hay, together with reserves, is 8% smaller than last year, but is above average in relation to the number of livestock to be fed. The hay crops and pastures have been average or better over the country except in some territories of the Northern Great Plains and areas of the northeast and west, where drought has curtailed growth.

The head of the Australian Wheat Board spoke a little disparagingly of the outlook forwheat and there is presently an expectation for a crop of about 150 million bu in contrast with 160 to 180 million bu which had been expected earlier. This would compare with the very large yield last season of 214 million bu. Since home requirements are about 70 to 75 million bu, there will still be a fairly good reserve for export, particularly since a large carryover is indicated from this season. The Argentine Ministry of Agriculture anticipates that the wheat acreage will be cut about 2 1/2 million from the year before, and as a matter of fact there are also decreases expected for flaxseed and oats, while a small scaling down of acreage is likely for barley and rye. Canada had a rather rough week-end also with real soaking rains and in places there were snows that developed across Southern Alberta, Southern Saskatchewan. Harvesting as a result will be delayed for some time in nearly all areas.

Chicago wheat stocks decreased 339,000 bu during the week although this was partly offset by an increase of 240,000 bu that was gained in the afloat stocks. Local corn supplies increased by 685,000 bu and there was a good increase in beans of 1,140,000 bu to a total of nearly 4 1/2 million bu.

Beans were very strong and there was a good deal of short covering and possibly some investment buying, probably due to adverse weather. We are not told of any serious crop difficulties and unless inclement weather continues for a long period, we doubt whether the size of the crop will be much changed. Meal was also higher and was probably influenced by the same factors. Winnipeg rye prices were higher which in turn brought a little buying into our pit. Other grains, however, were quite indifferent. There was some firmness in oats but wheat did not get very far from base, and flour demand is still very slow.

The conferences between President Eisenhower and Premier Khruschchev had no important bearing on grain markets. The main points of unity were that both countries deplored war and would bend all efforts in preventing one. No doubt the Russian leader learned a good deal first-hand which he may have doubted from the stories that had come back to him, and probably for the first time he learned that costly as armament is for all countries, that we can probably bear the defense load better than Russia.

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CHICAGO, 4 September 29, 1959

Total net farm income per farm in the U.S. is less than $3,000. Thus, it is obvious that in spite of concentration and the absorption of smaller farms by larger ones, we still have many family farms in this country, and as a matter of fact, the family-operated farms continue to be the backbone of our agricultural economy. While it is true that farms have grown in size and in complexity of operation during the past generation, they are still family farms. This type of commercial family farm numbers about 2 million and produces 91% of the marketed products.

It is interesting to note that there is a great variance in the total net farm income for our various states. For example, Arizona, which one seldom considers one of the important farm areas, has an average income per farm of over $14,000. This may be due in part to irrigation which assures rather uniform crops, or it may also be that individual farms in that state are larger in area. Second in importance is the state of Nevada, using the same method of calculation. Following closely on its heels is the state of California. Here in Illinois the average total net income per farm is $4,459, but from here eastward the farms must all be smaller, or in any event, the income per farm is far less, and in states such as Michigan, Indiana, Ohio, Pennsylvania and New York, it ranges from $2,340 to about $2,800. Even Texas, which one regards generally as a state having enormous ranges and cropland, has a rather low per-farm income, particularly in comparison with industry or other skills, and here we find that the average is a little over $3,500. We mention this in some detail as an indication that there are vast differences in farm welfare as one crosses the nation.

Before our market opened this morning, there was not too much to guide it. There had been a good deal of rain reported over Illinois, which extended into Missouri, and there were scattered showers elsewhere over the corn belt. Some additional moisture may occur but no heavy amounts are expected. There will probably be heavy frosts over large areas of Iowa and Minnesota, but these are not expected to do any harm at this late date. We doubt very much whether any permanent damage has been sustained by beans, although adverse weather has delayed combining.

In Western Canada, the frosts overnight were not as widespread as had been forecast, and weather appears to be settling in all areas. We recall one year when early snows that came the latter part of September or in early October prevented wheat from being harvested until the following spring. Surprisingly enough, the crop withstood these vicissitudes exceptionally well, although some of our friends in Winnipeg remind us that there may be severe losses to the quality of grain this season, but the extent cannot be accurately foretold until a little later on.

Primary receipts of wheat were 1.6 million bu, which was almost the same as last week and a little less than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 61,000 bu. The Chicago free stocks of wheat decreased 96,000 bu this week and free corn stocks increased 675,000 bu to a total of 1 3/4 million bu.

Trade was rather dull. Corn prices were slightly easier and the December future is within 1/2¢ of the season's low, indicating a great reluctance on part of the trade to accumulate with the bearish situationthat prevails in the feed grains. Soybeans opened lower and part of this may have been in sympathy with the decline in meal prices although there appeared to be some buying on breaks. We do not believe that the market has quite reached a point where we would be willing to advise investment purchases. After a period of better weather, it remains to be seen whether we are going to get pressure from farm selling or whether farmers may be inclined to hold back their supplies as was the case in wheat. There was a general embargo on the movement of bulk grain, soybeans, and other items through the large public elevators at New Orleans but this apparently was not too much of a market feature. Flour demand continued slow but stocks are being reduced and in our opinion it is only a question of time before they will have to be replenished. The Brazilian wheat business will probably not come until later. Other business from the Continent of Europe was slow and exporters reported some difficulties in the arrival of cables from abroad. Farm selling in the Southwest has not enlarged since widespread rains were experienced.

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CHICAGO, 4 September 30, 1959

There has been much comment recently about excessive farm production and the fact that heavy supplies tend to drive prices of agricultural goods to lower levels. In many cases this is true, not only insofar as cereal products are concerned, but also in the case of animal meats. Public attention has been focused on this trend and the common complaint emanates from consumers as to the reason housewives do not benefit from farmers' increased productivity and efficiency. Between 1947 and 1958 retail food prices advanced 20% while farm prices declined 8%. Much of the blame for this situation reverts to rising middleman charges which have increased as the expense of marketing and processing has risen. This is, of course, easier to explain when it is considered that workers' wages alone have advanced steadily in this 11-year period. Thus, it is that out of a $15.9 billion increase in the retail cost of food production during these years, only $2.4 billion or 16% went to farmers. While the average U. S. family paid $120 more per year for food in 1958 than in 1947, farmers received only $427 on the average compared with $466 on the earlier date. The farmer's share of the consumer's food dollar has fallen during a period of prosperity and continues to do so. Many other factors determine this food "spread" ratio including more modern preparation, storing and packaging of many farm grown products including frozen fruits and vegetables and prepared cake and piecrust mixes. However, this is a small proportion of the increased price spread. The truth is that producers and processors alike have seen their profit margins shrink. Rising costs, namely: labor, equipment, transportation, taxes, and advertising, etc. have added to the expense of moving agricultural grown products to the dining room table and both growers' and processors' returns have suffered proportionately.

There has been a variance of weather over the country including heavy snows in Colorado and the Rockies, and torrential rains from Hurricane Gracie along the southeastern seaboard. Some more moisture fell in the Southwest but – skies over the corn and bean belts have cleared, and fields are drying so that harvesting operations might resume in the next day or two. According to the weekly crop bulletin, corn picking in Illinois has progressed slowly and of the early run only a small amount has been cribbed because of the still high moisture content. Corn that is still in the fields is drying rapidly and over 90% of the crop is mature and safe from frost. About 7% has been picked compared with 1% last year and the average of 4%. Yields are generally good. We had heard as of the start of the week about 50% of the soybeans in this state had been combined while in Iowa and Minnesota a much smaller percent has been harvested. There was very little overnight news, and if the farmers are able to progress with field work in the next week to 10 days, normal marketing pressure from the movement of both these crops should be felt. It may be 2 or 3 weeks before the full scale gathering of corn begins.

Soybeans were quite strong during the session, and the main reason appears to be talk of reduced yields. A private reporter in Illinois thinks production in this state will be slightly below what was previously expected and less than normal, but another reliable party feels that the crop still approximates the government estimate. A similar source in the Northwest says that acres harvested so far are ranging from 5 to 30 bu yields, with most fields in the 10 to 15 bu per acre range in Minnesota. It was earlier expected that approximately 18 1/2 bu vs 17 1/2 last year were looked for. It is interesting to note that prices of the products have not fully responded to strength in beans, and this is probably due to the fact that in the past month and a half the conversion ratio has improved. Since August 11th, when the first official soybean crop report was issued, November beans have declined 8¢ per bu as of the opening this morning. During the same period October oil is 29 points lower and October meal is down less than a $1.00 per ton. This is equal to about 3¢ and 2¢ respectively, and is probably a good reason why processor interest centers more on the raw material instead of the product.

The dockworkers strike, which is scheduled to begin tomorrow, has not as yet been delayed or postponed, but as of this writing there are some indications that this might occur. Of course, any lengthy strike would halt foreign shipments, and would certainly be a market factor while and if it would be in effect.

Wheat was firm during the session as the holding tendency in the Southwest remains tight. Offers will go to Brazil Monday on 150,000 tons of #2 hard wheat, and India is expected to be in the market for a lesser amount.

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CHICAGO, 4 October 1, 1959

Late yesterday it looked as though the longshoremen's strike might have been averted. There was an appeal by Labor Secretary Mitchell to extend the current contract for 15 days, with any benefits to become retroactive. However, the International Longshoremen's Association called its 85,000 members out of work, and including the 15,000 dock workers, whose affiliation is not on a continuous basis, there are probably 100,000 men involved in the tie-up. It seems that the shippers along the South Atlantic and Gulf coast had refused to grant retroactivity in the contract extension, but in any case most shipping has come to a standstill except those of a military necessity, which are being expedited. The last time there was a strike in 1956, the workers were out about 9 days and were then sent back to work under a Taft-Hartley injunction. This country is so dependent on its export and import requirements that it is generally doubted whether work stoppage will continue for a long period, but meanwhile import articles, such as cocoa, were affected by price increases, whereas exports that are being impeded were naturally influenced in the opposite way: namely, by opening price declines.

The USDA announced their selling pricesfor October. There were no great surprises, although in soybeans we believe that there were some misinterpretations based on the pricing system, although inour opinion there was no change from the previous announcement. As we analyze the new ruling, few, if any, government beans will be available for immediate market use at a price which would be competitive to the market value of this year's crop. If this is correct, then we shall probably be more or less dependent for the next three months upon the amounts of beansthat are offered from the country in order to take care of domestic and export needs until probably the turn of the year at least.

Yesterday's bean market reflected pessimistic news which had been received from the territories where harvesting was in progress. The Illinois reports that we consider the most reliable do not indicate any important changes since the September figures were made public by official sources. There may, however, be other areas with which we are less familiar that may have sustained damage but even assuming that some downward revision is made, the recent increase in price of about 5¢ per bu must at least partially discount this factor.

During the past week shipments of wheat and flour, according to Broomhall advices, amounted to 5.6 million bu, and the total since July 1st was 100.9 million bu compared with 88.8 million a year ago. Corn exports for the week were 3 1/4 million bu, and since the beginning of the crop season October 1st, we have cleared 206.5 million bu compared with 175 million a year ago. Chances are that with the dock strike and embargoes which have been placed on certain ports, exports will be smaller for the next few weeks.

Our weather showed clear skies over the corn belt but very good rains over large sections of the Southwest, extending from Kansas to Texas. This, of course, is very favorable for the winter wheat crop that either has been or is in the process of being seeded. Weather turned warmer in Western Canada, although some moisture is still predicted for Western Saskatchewan.

Primary receipts of wheat were 988,000 bu vs 1,263,000 last week and 1,670,000 a year ago. So far this week Kansas City and Minneapolis wheat -- stocks decreased 185,000 bu. Carlot receipts of soybeans at Decatur were unofficially reported at 231.

The fact that the longshoremen's strike went into effect last night gave us a lower opening, but support became evident and markets rallied. There are conflicting reports about the strike. Longshoremen's Union officials from 5 major South Atlantic ports insisted today they were not on strike despite a walk-out called from Maine to Texas. They said work was continuing at 5 big ports in the area, Savannah, Tampa, Charleston, Wilmington, and Jacksonville, and at some of the smaller ports in between.

Several reports from downstate Illinois indicate that beans are not generally moving in any sizable volume. Some firms claimed purchases of good quantities overnight while others say they have bought none or only a little. Late in the session markets eased and reacted from the day's high. The USDA reportedly advised interests having oil sold to Spain that outstanding contracts not shipped by September 30th are cancelled as far as the purchase authorization is concerned, and it is believed that a considerable amount of soybean oil may be involved.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 2, 1959

If every man, woman, and child in America would send the Treasury Department a check for $1,641.25, we would be out of debt. By mid-December, the amount owed by the national government will reach $295 billion, which is the prescribed legal limit. Of course, this figure will be upped gradually by Congress, with little more than the usual mild objections, as it becomes necessary. An interesting question might be whether this individual indebtedness will increase annually or whether the rise in population will be at a fast enough rate so that every person's share will be allayed proportionately, thus dividing this sum by an increased number of people. Probably both will occur. Up until now the steel strike has not brought about too serious a reduction in industrial production and consumer spending, because most areas of the economy were well geared, and had expected layoffs to last almost as long as they have. However, as it continues, not only would it curtail productivity but national income would be lessened, and the federal budget could be thrown more out of kilter, as not only steel but other industrial workers are being affected by this prolonged strike. With lower wages, communities in which these people live will be affected to varying degrees, and as smaller amounts of money are earned and spent, a reaction is felt on a national level.

In a private crop summary issued by the Quaker Oats Co., it is indicated that the corn crop is maturing with few reports of damage, and though not enough has been harvested to get any estimates on yields, it appears as though the official figure released by the government on September 1st will be upheld. Moisture is still high over the main belt, so that little has been cribbed and most of the early harvested corn is for feeding purposes. A good sharp frost would be welcome so that kernels can be dried sufficiently for full-scale harvesting and storing. Rains have delayed the combining of soybeans this past week but even so, 50% of this crop has been cut in Illinois and Indiana. Iowa and Missouri are behind this schedule, and taking the country as a whole, reports are variable, with many sections reporting pessimism as returns indicate low yields. However, this source claims that this was expected in many cases, and the best beans are yet to be harvested in northern and southern Illinois, Iowa, and Indiana, and they believe that a crop of 525 million bu may be raised. Weather remains satisfactory over most of the central sections of the country, which will cause a further delay in harvesting.

The CCC office in Evanston, Illinois, sold 1.4 million bu of soybeans yesterday, including 574,000 partly in Chicago and Milwaukee.

Rains the past few weeks over much of Canada have caused harvesting delays and fall work presently at a standstill. These conditions are similar to those in the Middle West of our country, and the soybean market firmed later in the session today as commission houses were the best buyers and little was offered for sale. Probably with wet fields, shorts are nervous as there is practically no hedging pressure. We still believe that beans will be marketed in fair volume before the movement is ended.

Wheat futures have been relatively strong recently, and cash premiums inthe Southwest also show a stronger tone for ordinary as well as protein grades. Farmers continue their tight holding policy, and with this the case, there is very little pressure on the market as there has been a reluctance to sell throughout the season. One of the reasons is that cash returns from the 1958 crop were in many cases received in 1959. Farmers in an effort to avoid tax payments in the current year want, at all costs, to avoid further sales before January of 1960. The loan programhas become such a factor in the selling method of producers that not only do they rely on this federal support program, but they are even hopeful of earning the gross loan.

The United Arab Republic will buy 30,000 tons each of soft white and red wheat, and Indonesia is expected to be in the market for about that much wheat flour.

There was reasonable firmness in wheat this morning but trade was quite slow. Corn values improved somewhat and the situation is similar for this grain as it is in beans. With wet weather early sales are not easily filled, and until pressure from the harvest movement develops, chances are this market could hold fairly well. When the visible supply is posted on Monday, it will compare with a decrease of 2.8 last year.

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CHICAGO, 4 October 5, 1959

There was a tremendous amount of rain over the week-end, with heaviest falls received at Independence, Kansas, where there was nearly 5 inches, but the precipitation was very heavy in the Dallas-Fort Worth, Texas, area following the rains of last week. This resulted in some flooding of low-lying sections. Generally speaking, the moisture was very favorable for winter wheat and it will do much to restore subsoil reserves. It should undoubtedly encourage full planting of the crop, whereas a dry situation might have discouraged some farmers from seeding a full acreage. There were also good rains over the Central States. We use the word "good" somewhat guardedly because the weather which is favorable for winter wheat will further delay the combining of beans and the harvesting of corn. Some delays have already forced processors to buy supplies from government stocks, although weather in Illinois had permitted 55% of the beans to be harvested by September 26th. The Baldwin Elevator claims that a check made last Sunday showed that the southern third of the state had only one-third of the beans combined and a good percentage of the fields will not be ready for continued operations for two weeks. This is the territory that generally markets its product right after harvest.

Early this morning the Galvin report was issued and an estimate of the bean crop indicated production of just less than 525 million bu, which was about 8 million bu smaller than the government September figure. The Illinois report at 121.8 million bu shows a reduction of 18 1/2 million bu from last year. Of course, a year ago we had our banner crop but by the same token one can probably conclude that the carrying-charge situation may be adversely affected by this year's smaller yield. Distribution is often an important factor in these considerations. The corn figure of 4,342 million bu was also lower than the government official figure by some 39 million bu, but the crop is stillthe largest by all odds that was ever raised in this country and should not be in any way significant. Spring wheat showed an increase of 9 million bu in comparison with the government report and was a little surprising as there has been a general tendency to abase the previous figures. Total oat yields were alittle higher than those used in the government report but the crop is still more than 300 million smaller than in 1958, which in our opinion should give us a rather closely adjusted situation even granting that the total of feed grains is still of such large proportions.

Since Congress adjourned, the President has not yet addressed the nation on the number one agricultural problem: namely wheat. It is known, however, that Secretary Benson is seeking a program similar to the one that he asked for this year but did not get. He wants to cut supports to 75% of the 1958-60 average market price, which would lower supports to around $1.40 to $1.50 a bu. He is hopeful that acreage allotments may be abandoned for one year, and according to the Secretary, these are not needed because he feels that lower supports would discourage overproduction. The administration feels that many of the 15-acre plots would be turned over to other crops and that the lower price of wheat would encourage more feeding. However, in an election year lower prices coming on the heels of lower farm income would probably not meet with ready response.

Chicago stocks of wheat decreased 282,000 bu during the week; including the afloat stocks of 240,000 ~~million~~ we have about 12 1/2 million bu here. Corn stocks decreased 403,000 bu. There was a decrease inthe oat stocks of 601,000 bu. Supplies of rye in Chicago including the amount in boats is 2 1/2 million bu. However, we note that a steamer with 120,000 bu left Fort William for South Chicago. The bean stocks increased 1.1 million bu to a total of 5.6 million bu.

Commodity has been selling beans in Iowa, as wellas here, but today they changed their selling policy on anything moving out via the lakes. They will add the incoming freight to the price which they charge over and above the county loan price, plus 20¢ per bu. This makes the Chicago price $2.37 or higher. Beans kept rather firm all during the session and they may continue to rule firm until we get better weather. Corn was up a little, also due to harvest delays, and the spot market was very firm. Harvesting of milo has also been delayed because of rains. Wheat did very little but was finally lower. We note that total trade in the pit last Friday was only 3 1/2 million bu. The Canadian Dominian crop report estimated their wheat yield at 421 million bu. vs 371.7 million bu last season. Rye was very much the same as a year ago.

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CHICAGO, 4October 6, 1959

Production of wheat throughout the world in 1959 is the second largest of record and will be close to 7.9 billion bu. Though this figure is 900 million bu above the 1950-54 average, it was surpassed by the amount raised in 1958 when 8 3/4 billion bu was grown. Since both the U. S. and Soviet Union had bumper - crops last year, much of the present reduction results from these two large producers, who between them accounted for 40% of the wheat harvested last season. It is interesting to note where other changes occurred, as this year Eastern Europe increased output by 19%, while crops in Western countries totaled 45 million bu above that grown in the previous year. This means that fewer imports may be necessary by those nations, and France will have a substantial surplus from a near-record crop thus putting her in an export position.

In mid-August oat prices per 100 lbs were only 6% lower than the value of corn on a 100-lb basis, which compares with the 10-year average of a difference of 22%. Since then the margin has narrowed even further, though part of this is due to the fact that the price of corn is now figured on basis of the new crop which presently will be harvested. Even so with the short crop of oats and the prospect for a record corn production, such a situation has resulted. Because of the feed value of corn it is thought that there might be a readjustment, and this may occur to a small degree. However, it is likely that the relationship will not lead to what might be considered normal proportions, as oats are still a necessary feed ingredient, and chances are that nearly the entire supply will be used. On the other hand most assuredly a large amount of corn again will be added to the already huge surplus. According to the USDA the animal crop will be larger than in the previous season, but to consume feed grain equal in size to the 1959 crop and also reduce the surplus would require a total livestock increase of more than 10% above present high levels, and this is not expected. Even if total amounts of feed consumed in 1960 are larger than this year, usage would not be increased enough to prevent another large addition to carryover supplies of feed grains at the end of the present crop year.

According to an article currently appearing in a major trade publication, USDA officials still believe that the domestic crush of soybeans in 1959-60 will amount to 425 million bu, and exports should total 125 million bu. Since 35 million bu is normally set aside for seed, it appears as though total consumption during this crop year will amount to 585 million bu, which compared with latest estimates of carryover and beans for harvest would mean that the entire crop would be accounted for by next October 1st. The major question mark probably concerns the crush figure but even so we know now that a close adjustment is likely, and with this in mind a more friendly attitude might prevail towards bean prices. With rains ending farmers hope to resume harvesting in the next three or four days, and in many cases some hedging pressure would be considered most likely. However, processor supplies are barely adequate at present, and the early run at least should meet with fair demand. A paramount issue in determining prices will be the country's selling policy, and just how many beans are sold at what is presently close to the loan level in the free market.

The visible supply of wheat decreased 1.8 million bu the past week which compares with a decrease of 2.8 million a year ago. Free stocks of this grain decreased about 1/4 million bu in Chicago. Free supplies of corn decreased 403,000 bu leaving 1.3 million in local elevators.

Spot corn continues quite strong and was 11 1/2 over bid early this morning which indicates that harvest delays are playing havoc with shippers who have selling commitments and are making an attempt to cover. Corn futures are only about 1 1/2¢ from the crop low, and we know that processors will have ample supplies once weather clears and fields dry so that country selling can resume. The bean market was mostly firm, and processors lent the best support as well as shorts who have been forced to cover as there is no hedging pressure at the moment. It is interesting to note that yesterday's trade in this commodity comprised 74% of the total on the Board of Trade. Wheat was also firm and reports from the Southwest indicate that the farm selling attitude remains very tight. Some buying of hedges may have been against the sale of this grain to Brazil.

President Eisenhower today invoked the Taft-Hartley law on the East Coast dock strike.

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CHICAGO, 4 October 7, 1959

There is a fair amount of wheat export business in the offing, and as a matter of fact some buying of futures was noticeable yesterday in the pit, which was undoubtedly against the sale to Brazil. Apparently 150,000 tons had been sold to that country, although no such quantity of wheat futures had been purchased, which is always a little difficult to explain unless some of the supplies are either obtained from government or purchased in the country. It may also be that exporters may figure on gradually buying supplies in the hope that the market will not advance much during this period of accumulation. Some relief flour had been awarded yesterday, which was also a slight help to the market.

As far as our exports are concerned, during July and August wheat shipments were ahead of those in the corresponding period of 1958. Excluding the USDA private welfare donations, it is estimated that 70 million bu cleared during the first two months of the crop season compared with 63 million a year ago. The current export season, in spite of a better start, looks less promising than it did last year when our total shipments of wheat and flour amounted to 443 million bu, including 20 million in donations. The preliminary indications are that with Europe's and India's larger crops this year, our total shipments may amount to only about 410 million bu, although on basis of past performance, this is still a very fine showing. There have been only five previous occasions when our total exports exceeded that figure. As a matter of fact, if one would wish to reminisce, he could point out that in the 17-year period from 1930 to 1947, our annual average exports amounted to only 100 million bu. Of course, during that period our wheat crop was also smaller and averaged 844 million bu, but the fact is that we have developed tremendous outlets for our wheat, and had it not been for this accomplishment, the billion-bushel crops would have caused even greater disturbance than they have. As it is, we had a carryover reserve on July 1st of this year of nearly 1.3 billion bu, which was about ten times the reserve stock prior to the time of the Federal Farm Board, which was the beginning of the tampering with markets. Thus for three decades much of the money has been fruitlessly spent, but with one dire consequence-- they have amassed $9 billion worth of produce which the federal government has had to finance and carry at heavy cost.

There had been some rains yesterday in the corn belt and intermittent showers are expected again in Iowa, where the soil has been excessively wet. For other parts of the corn belt we may have a respite of a day or two from the rains, but if the 5-day outlook is borne out, there may be precipitation ranging from 1/2 to 1 inch toward the end of the week. This may cause further delays, not only in the combining of beans, but in the harvesting of corn.

Japan this year expects to buy over four-fifths of its 18.3 million bu of foreign soybeans from the U. S. during the first half of its 1959-60 fiscal year, which began in April. The proportion being taken from our country is about the same as last season, although the total quantity will be slightly higher. All told, there seems to be a fair chance that we shall ship larger quantities this season than ever before but some people still question the government's estimate of grindings because of poorer feeding relationships. However, if they are correct, we may still witness a very close adjustment between available supplies and total disappearance.

Primary receipts of wheat were very light at only 575,000 bu which was about half as much as last year and compared with 771,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 129,000 bu.

Wheat did not get very far from base and while we saw very little evidence of hedge buying, the market was firm although demand for flour remained light. Beans which yesterday again accounted for most of the trade, having been 73% of the total, were a little weaker early but firmed and became strong. The official mid-day forecast did not include rain for Illinois, Indiana, Ohio, Tennessee, and Kentucky, but precipitation was mentioned for parts of Iowa and Minnesota. These delays in combining are apparently causing uneasiness among shorts. Corn was also a shade higher and probably for the same reason. The spot market continued very firm and apparently actual usershave to pay high premiums in order to get their current requirements. Rye was rather colorless. Oats were firm and made some season's new highs.

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CHICAGO, 4 October 8, 1959

Blue skies and the World Series returned to Chicago today for the first ime since they simultaneously left town last Friday. Since then rains have been on . heavy scale over most of the grain belt, and certainly the corn and bean fields iave become soaked. Even if clear weather were to prevail for the next four or five lays, bean combining would not resume substantially as fields are too wet to re-nter before that time. It also appears as though additional moisture is close at iand. In Canada, where snows and rains have been intermittent for weeks, a new ow pressure area is headed this way, and the weather man is not optimistic; consequently, our soybean market remains quite strong, despite other factors which iormally would be bearish. In many cases prices are above the loan, especially in llinois, and this usually would prompt selling even of an anticipatory nature. However, processor supplies were meager and the demand for early harvested beans ias and should continue to be good. An example of this is the price of $56 per ton or soybean meal for shipment the balance of this month, and the low value of $55 or November-December shipment. This indicates that commercial inventories oresently are small.

Though there has been some talk of water-soaked pods and possibly some odsplitting, there is as yet little wide scale evidence of damage. After the close omorrow the monthly government report will be issued, and the trade is generally expecting the private estimate of 525 million bu to be confirmed. Much of a devia-ion can be construed accordingly marketwise, although with recent market strength urther bullish news might be somewhat discounted temporarily. It might also be ointed out that if recent rains have caused damage, it cannot be interpreted in the official forecast, which is based on conditions as of October 1st.

Much the same situation prevails for corn. The cash article has recently raded at an 11¢ premium over the December future, but the latter market does not espond, as here again it is a question of temporary tightness, and as soon as the grain begins to move this large premium will mostly disappear. The weekly crop eport points out that only about 5% of the corn has been picked in Minnesota and owa, and only slightly more in Illinois, although in all sections it is almost completely safe from frost.

Though winter wheat seeding is being delayed by wet weather, soil conditions are certainly improving to a point where the ground will be in excellent shape for the planting of this crop. In Kansas only 44% of the wheat is in the ground, out as soon as fields dry, this work will expand rapidly and germination should progress nicely. With this the case the spread between July and September 1960 wheat, oresently at about 2 3/8¢ difference, might be appealing, as a normal-sized crop should keep this margin from narrowing and could contain long-term possibilities. Tightness in country offerings in the Southwest continues, and even though ordinary iard is selling in many cases at $2 a bu, only minor sales are being made, although he belief had been expressed that this level would bring out generous amounts.

Wheat statistics do not seem to carry much market importance at the noment, and primary receipts today and last week were just under a million bu which s 2/3 as much as last year. Kansas City andMinneapolis stocks decreased a total f 197,000 bu so far this week. Price changes today were minor, and though there- ias been daily export business, few hedges have been bought in the pit. India is ex-ected to buy a fair quantity of Gulf wheat and Pakistan is also a prospective ourchaser.

The latest forecast indicates extremely cold temperatures for the Midwest, and shower activity will be only scattered in eastern Iowa this afternoon, and he same for all of Illinois in the next 24 hours. Soybeans reacted to this as well as o the news that there will be some combining of beans this afternoon as farmers vould rather take the moisture discount than stand a chance of pods opening if there s further precipitation. So far according to Illinois advices there has been little-loss, ind the market continues erratic and sensitive to reports following the recent up-urn.

Although there has been comparatively little attention focused on rye the ast week or so, that market remains quite firm primarily because of the fact that he crop is small. Another boat load has cleared Fort William for this city, and ipon its arrival total stocks of this grain will be close to 3 million bu which means hat supplies are presently ample and consequently a more two-sided attitude must oe taken.

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CHICAGO, 4

October 9, 1959

Public opinion polls in Britain were completely wrong in predicting a close election. The victory for the Conservatives was the third in a row, and actually no party since World War I has won three consecutive victories. Nevertheless, it was quite a heavy defeat for the Labor Party, but apparently the electorate was influenced by prosperity, and therefore, wanted to continue Mr. MacMillan in office as the Prime Minister. The lavish promises of tax cuts and pension increases that had been offered by the Socialist Labor Party were apparently spurned, but in its place those who voted the Conservative ticket wanted a continuation of free enterprise policies and peace. It is generally thought that with the political issues settled, Mr. MacMillan will press his drive for a Summit Conference in the hope that some relaxation in world affairs can be accomplished.

The overnight news was a little more optimistic with respect to weather, particularly over the corn belt districts, where clearing conditions had set in. Temperatures dropped rather precipitously and some frost is likely by tomorrow, but this is about the average date when it can be expected in the corn belt latitude of Iowa and Illinois without doing much harm. Actually with all the wet weather we have had, most farmers would probably welcome a frost to better cure the corn and hasten harvest. There have been a number of reports from downstate that beans have sprouted in the fields just like wheat did a year ago. This will undoubtedly mean that such beans would have to be sold rather than stored; therefore, adverse weather conditions may not necessarily give us an immediate bull market unless there has been a good deal of damage to reduce the crop.

After the close of the market this afternoon, we shall have a government report, and it is generally figured that a bean yield of 525 million bu may be given, and this should not create much buying enthusiasm, although a lower estimate might. There are a good many people in the trade who have projected the statistical position on basis of the crop and carryover against the exports and domestic crushings. Such calculations give us a rather close adjustment but just as in the case of wheat the time element is very important, and even assuming that we may go into the next crop with a much smaller carryover reserve, it might not have too much influence for the next few months. Nevertheless, there seem to be enough people willing to buy beans on a decline of 4 to 5¢ per bu, so that we probably shall not have a drastic decline. However, some of the more conservative traders are not prone to buy beans yet because they figure that with prices in almost all territories at the loan price or above, impoundings are apt to be much smaller this year than they were in 1958, and, therefore, the processors will be able to get their supplies on a fairly good basis once the movement is on in full force.

The 5-day weather outlook is not entirely optimistic, as some moisture ranging to 1/2 inch is predicted for many areas, and this could cause further delays. Broomhall reported this morning on exports of wheat and flour for the week ended October 2nd. We cleared 6.7 million bu, giving us a total of 102.6 million bu for the season, which is only 2 million larger than last year. Corn exports for the week were 2.6 million bu, according to the same authority, and the season's total is 212 million vs 175 million a year earlier. Rye shipments since July 1st are only 1.6 million vs 5.1 million bu last year.

Primary receipts of wheat were a little larger at 931,000 bu compared to more than a million bu last week and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 385,000 bu. Next Monday's visible will compare with a decrease a year ago of 2.3 million bu.

Wheat was inclined to be a little easier, particularly the May future, but there was no special feature, although flour business was still of very small volume, sales running only about 25% of capacity. Beans declined on clearing conditions over the Corn Belt, and probably some evening up prior to the issuance of the government report. At a downstate elevator, a few beans that were combined yesterday showed 22% moisture. Generally speaking there were few pickers in the fields, although if weather holds up some work will be resumed by tomorrow or Sunday, and farmers should be all out. In other places it is still too muddy to even talk of resumption. There was considerable buying of corn by elevator interests, and it was difficult to see the selling, but the market was down fractionally. Rye, after a lower start, firmed on Winnipeg strength. Canadian weather has been very bad, and flax was up the limit. Our oat market declined on small selling orders.

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CHICAGO, 4 October 12, 1959

The most interest in Friday's government report centered on the soyean figure of 530 million bu. Though this is a reduction from the month before, it s still larger thanthe trade generally anticipated and indicates that as of October st, production had been quite well maintained. An interesting feature is the comnent by the Department of Agriculture regarding harvesting operations that as of he end of the first week of October, work had been concluded about on schedule vith normal years. Except for some slight damage in North Dakota most of the rop is safe from frost and the average yield of 24.1 bu per acre has been maintaind. In Illinois the number of bushels available for harvest totals 126.5 million vs. 40.3 million in 1958, and in Iowa 16 million fewer beans will be combined this fall.

Over the weekend rains fell in the Midwest mostly on Saturday followed y sunny, windy, and very cold weather yesterday and today, which will be helpful nsofar as drying is concerned, and consequently many farmers will be able to acomplish field work if these conditions continue. During the past two weeks precipiation has been heavy, but intermittent clear skies have allowed some harvesting vork to be done, and in Illinois for example about 60% of the soybeans have been cut. he forecast indicates that some more scattered showers are likely tomorrow with he chance of light snows in some of the northern districts, and of course if they naterialize further delays will be experienced in the gathering of crops.

The corn production figure as of October 1st reached the amazing total f 4,429 million bu. This is 630 million above last year's record and 1.2 billion bu etter than the ten-year average. In spite of some reductions in other feed grain utput: namely, 573 million bu of sorghum grain vs. 615 million bu last year and a maller oat crop, the amount of corn available in the coming season should more han take up this slack, and total feed grain tonnage will be at an all-time high. Corn ields are estimated at 52.5 bu per acre compared with 51.7 in 1958. The governnent confirms that ear weights are below last year, but the number per acre is more.

Regarding wheat, the official monthly report shows an increase of bout a million bu in all spring wheat from the previous month and currently estinates that the total crop will amount to 1,117 million bu. Though the over-all size f the crop is 24% below last year's record output, total usage including exports will ot be sufficient to avoid adding further to the already large carryover next July 1st.

Included in Friday's figures were stocks of grain on farms and it was nteresting to note that 17 million bu of soybeans are located in this category, which s the most ever for this time of year, but three-fourths of them were resealed farm tocks under loan which the CCC allowed for the first time.

This past week Chicago stocks of wheat declined 160,000 bu, leaving a otal of 12.4 million bu, including that which is afloat. There is 21.9 million bu of orn in local elevators after a decrease of 408,000 bu; however, thistrend should everse in weeks to come as grain from harvest will be moving to the market place. s a matter of fact, carlot receipts improved this morning, and the spot basis has leclined substantially from Friday when bids were better than 11¢ over. At this vriting it is about 4¢ over December. Supplies of beans increased 400,000 bu, and ocal stocks are better than 6 million bu. There is 2.8 million bu of rye in this city, ncluding that which is in boats; oat stocks total 4 1/4 million bu.

Wheat prices improved following the opening, although trade remains ight. There is a good deal of export buying, including 3 cargoes of flour sold to UAR. That country also bought 6 cargoes of soft wheat, and a sale of 210,000 bu was made o West Germany. At the same time India is expected to buy close to 2 cargoes of vheat from the U.S. There was some hedge buying in the pit to cover these sales. arm selling in the Southwest has not improved in spite of recent new high prices.

Corn was weak during the session, as supplies will obviously be plentiul during the season. The corn-hog ratio declined further, and at 10.8 is as lowas it as been in some time; consequently, feeding profits are not promising. Unofficially, Decatur reported 630 cars of soybeans received this morning, which will be the igh number since the start of harvest. Even so, soybeans, which were weak early as a result of the crop report found friends, and at their best were above the previous close. The five-day weather outlook is not promising. Rye was firm.

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CHICAGO, 4 October 13, 1959

The last estimate of the Canadian wheat crop was officially given at 421 million bu. Added to this figure would be the carryover reserve of 546 million bu, which gives Canada a total supply of 967 million bu. Canadian experts believe that the last government report is about in line with final results except for the possibility and danger that the crops in that country may not be successfully harvested due to adverse weather conditions. There has been approximately a month of wet weather in that country, which has seriously interfered with harvesting conditions. During that period there were some good days and certain sections did not have rains, or at least, they were not as heavy as in other districts, but nevertheless, there are still large areas of the country, particularly in Alberta and Northern Saskatchewan, where a large percentage of the crop still remains to be gathered. It would probably be well if Canada had a year to catch up from the heavy accumulations which have been taking place. The acreage devoted to Canadian wheat production has averaged about 24 million for the past ten crop years. The normal return per acre has been 20 bu, yielding 488 million bu on an average. Against this, the ten-year annual exports have amounted to 283 million bu annually, and the domestic consumption has averaged 165 million bu, which has given them 40 million bu more per year than they could accommodate through domestic and foreign utilization. Thus they have had their problems just the same as we have had ours.

True, technological developments have aided in the production of crops and since 1948, the number of Canadians working on farms has dropped from 1.2 million to less than 800,000 today, which is a saving in manpower of about a third. In the period between World War 1 and World War II, Great Britain took about 50% of her supplies from Canada, but during the last six crop years the percentage ratio dropped to about 36%. Part of this is undoubtedly due to artificial price conditions which existed in other parts of the world, and also our agricultural programs undoubtedly interfered with Canada's commerce. It is quite obvious that a country which consumes at home only 160 to 165 million bu wheat is oversupplied when they start a crop season with 967 million bu wheat, even though this is a reduction from that which was on hand during the past three years.

The bad Canadian weather has come into our country duty free without quotas, and the prevailing northwesterly winds have blown us a good deal of moisture which is seriously interfering with the harvesting of corn and the combining of beans. There was some scattered rain overnight and more showers are looked for in the corn belt. This naturally had its influence at the opening this morning, with beans sharply higher. The far Southwest alsohad some precipitation, and altogether fall conditions are probably much improved for winter wheat during the past few weeks.

Following yesterday's export business in wheat, which was of good volume, there is expected to be some business to India and other countries are also likely to buy shortly. Late yesterday there was substantial business in soft wheat flour to bakers, particularly in the Midwest and Central States. On the other hand, hard winter and spring flour sales were small. One would have thought that with the price increase at Kansas City and other southwestern markets, and with Kansas City December wheat above the $2 mark for the first time, country selling would improve, but this was not the case.

Within a week we shall have a new figure on impoundings and it remains to be seen to what extent farmers have placed wheat under the loan. Even though market prices are comparatively favorable, there may be a temptation for loan entry as this might be a method of delaying income tax considerations to the next calendar year.

The government weekly crop report confirmed private advices of muddy fields, high moisture content of corn, which kept pickers idle muchof the time. In Illinois only 15% of the corn has been picked, with 5% in Iowa, and 22% in Missouri. The moisture content of corn is so high in most areas that safe storage may create a problem for some time. Wet weather appears to be damaging some unharvested grain. We heard, without confirmation, that the government estimate of domestic bean grindings had been cut to 400 million bu, which would be more in line with trade ideas. Beans were strong, and there was heavy buying by a processor account, although best prices did not hold. Corn was just a shade higher, and wheat was hardly unchanged. The small bulge in rye failed to hold.

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CHICAGO, 4 October 14, 1959

The weather which has been of such importance the last many days seems o be clearing. There has been very little precipitation the past 24 hours, and the vernight forecast indicates clearing conditions with warmer temperatures. Even he 5-day outlook for the corn and bean belts mentions only the possibility of howers about Friday, and the total moisture expected will be only 1/4 inch. Maybe ve will have an Indian Summer after all.

Soybeans had rallied better than 10¢ per bu from the recent lows, and in he main this can be charged to delayed harvesting resulting from prolonged and eneral rainfalls which, of course, kept farmers out of the fields. Even so damage eports have been minimum, and though some losses may have been incurred, it is loubtful that they have been heavy. We have often discussed supplies versus utilizaion during the ensuing year, and on the basis of some projections it was indicated rushings would total 425 million bu, and consequently about all of the available eans from the crop and carryover would be used by next October 1st. It now appears as though a figure of 400 million bu will be more likely. If this is borne out, there would be a carryover at the start of the 1960-61 season. With the tremendously arge corn crop feed competition from this source will be evidenced although soymeal as a protein nutrient is invaluable and will still be in heavy demand where ecessary. What is important is the fact that the nation's hen population is presently at the lowest level since 1931 during which time records have been kept. Also he very poor corn-hog ratio could discourage spring farrowing which would mean ess animal feeding. This may not seem like important determinants now, but they will be as the season progresses. For example, last year we raised 3.8 billion bu of corn and there was a feeling in the trade that prices would be depressed during he year. However, a profitable feed ratio coupled with a very cold winter encouraged animal corn consumption, and almost the entire crop was finally accounted or.

Even this morning corn and soybean harvesting is being accomplished, and uite a bit of this work should be done within thenext few days, weather permitting. t remains to be seen just how much grain is sold and how much is stored. There s quite a bit of space available for both crops as increased production the past few years has encouraged the building of warehouses. Temporary farm storage is especially simple and even cheap where corn is concerned as cribs can be built at very small cost and grain is safe from the elements for a long period of time. However, with huge supplies quite a bit should be marketed and moisture content will be very important in determining the disposition of both commodities. Beans, urrently well over the loan, might be marketed in heavier volume than they would ave been two weeks ago when country prices were a good deal lower.

Conditions of foreign crops are also quite important. We have spoken requently of the recent terrible weather in Canada. Although conditions are somewhat improved this morning, it is thought that possibly a 100 million bu of all grains are still in the fields in that country. That has had an effect on our markets parицularly insofar as oats are concerned since our crop is already known to be small. Broomhall's foreign summary discusses dry conditions over much of Europe, paricularly in the West and North, and as pastures are being affected, heavier feeding equirements may be necessary later. Fall seeding is also difficult with this dryness and good general rains would be beneficial.

With Sioux City missing, the primary receipts of wheat amounted to 00,000 bu today compared with 575,000 last week and 1.4 million a year ago today. Kansas City and Minneapolis stocks decreased 364,000 bu this week.

There was very little activity in wheat again with the market only a shade ower, possibly in sympathy with other grains. There is still some export flour business pending, but the soft flour business that had been expected yesterday failed o develop on as broad a scale as had been anticipated. Sales of December were made in the pit against the purchase of March. Nearby corn futures made crop lows, and though there is a little better demand for quick shipment car lot grain to cover short sales, hedging pressure is expanding. Formosa is reported to have bought 0,000 tons of soybeans to be shipped after October 25th. Even so, this market is quite weak as weather is promising. Decatur car lot receipts are reported to be 52. Oats and rye both held with little special news to affect them.

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CHICAGO, 4 October 15, 1959

There is still very much interest by the public in free and open markets, and Chicago soybeans offer good proof. As of the close of trade on Tuesday, the number of open contracts in this commodity totaled more than 130 million bu, and this is the largest number of outstanding commitments since futures trading in this medium began. The federal government helps regulate prices through a guaranteed loan, and is in competition with the trade by offering take-over beans on the open market. Even so, CCC supplies should be substantially reduced in the forthcoming season, and with the crop and carryover closely adjusted to probable usage, supply and demand factors should tend to work more of their own accord. The indication of a natural market is rejuvenating public interest, and the net result is the farmer is able to sell his product at a higher price than that which the government guarantees.

Secretary Benson recently returned from a trip to several European nations including Russia and disavowed any fears concerning the superiority of our free agricultural system over that of Socialistic countries, and claimed inevitably the American farmer will prevail where competitive conditions exist. This may seem totally unrelated to the open interest in soybeans, but theoretically there is a definite relationship. American farmers must be given a choice between the freedom to which Benson refers or imposed regulation. A return to the practice of free enterprise in farming would be more beneficial as prices would be fair and production would be according to consumption. In this way often agricultural returns such as the present case of beans could be better than they would otherwise be under the system of government supports. At least present history is proving that the free manufacture of goods in an inflationary economy brings higher values than do controlled items such as grains where over-production is encouraged. The trend has been for the latter to be priced lower which then results in subsidization by the public.

The news mainly affecting markets is still weather, especially in the case of corn and soybeans, and with another sunshiny day throughout the Midwest farmers are again busy in the fields and harvesting of corn especially is progressing rapidly. The forecast indicates continued clear weather for the next day or two in most sections although there is some possibility of showers in the northern sections of Illinois and Minnesota. Further light precipitation is looked for over most districts of Canada, and Winnipeg sources are pessimistic again this morning as there is still a great amount of grain in fields that have been too wet for combining. There has been a fair amount of interest in the flax market recently and though prices had reacted after the recent sustained strength, they are again firm and the demand is still quite good, as there is a likelihood of better values as far as that commodity is concerned as time goes on.

The wheat situation remains status quo. There has been no sign of increased country selling in the Southwest, and farmers seem disposed to hold on to this grain for the time being. There has been disappointment regarding hedge lifting following recent export sales, and probably for that reason the futures market has eased somewhat. It appears as though there will be some deliveries on the December contract in Chicago as stocks of red wheat are large and export business of this class has been slow to develop.

Primary receipts of wheat totaled 905,000 bu which is about the same as last week and compares with 1.5 million bu a year ago today. Kansas City and Minneapolis stocks have decreased a total of 435,000 bu so far this week.

The receipts of soybeans are still light as only 242 cars were unofficially reported at Decatur this morning, and general combining of beans is still being held up as the ground is in many cases too wet for farmers to enter. Our market continues erratic as short covering early in the session was followed by selling probably as the mid-day forecast confirmed the fact that weather over the main belt should be clear the next 24 hours at least, and hedging pressure might again increase. Country selling of corn continues quite good, and the spot bid is about 1 over although not much of this cereal has arrived in this city as yet. Strangely enough soybean meal became quite firm in spite of the fact that there was a slight easing in the cash basis, and the buying here seemed to be in the nature of short-covering. Oats continue to hold as does rye.

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CHICAGO, 4 October 16, 1959

While Canada has experienced some of the worst weather ever for his time of year, the Mother Country, England, has had possibly the driest late ummer and fall in 200 years. We have used Broomhall as a reference in discussing these conditions not only in Great Britain, but throughout Western Europe. Now, according to the private advice of a reliable Winnipeg source, this topic comes under further scrutiny, as the effects could be extensive during the coming year. Because of the poor state of pastures, milk production has been curtailed, and butter prices are on the incline. What is of even more importance is the fact hat smaller quantities of feed grain will be self-supplied in some of these countries where this situation exists. It is questionable whether U.S. or Canadian grain, such as wheat, corn, or milo, etc., will be as much affected because both countries could easily supply England and Europe with additional large amounts rom their respective reserve stocks without seriously affecting market values. However, there is a possibility that increased protein feed, such as soybean meal, would be used with the large supplies of beans that are available. It is much too early in the year to surmise how great the demand for this product or other feed grains will eventually be increased, but the mere fact that these conditions exist is worth while emphasizing and watching as the season progresses.

Reports from Illinois this morning state that trucks are lined up at most elevators, and it is assumed that the largest percentage of their contents is corn. Moisture that this grain carries seems to be on the average between 18 to 23%, with some exceptions, as is always the case. The weather forecast is excellent, and there is no rain in sight with the possible exception of 1/4 inch or less mentioned in the 5-day forecast, occurring as scattered showers next Monday or Tuesday. Many of the bean fields that have been too wet for combining should be dry enough now for farmers to enter, and if the weather man is correct, a fairly heavy movement of these two commodities should be witnessed over the week-end. It is difficult to determine accurately the moisture content of soybeans, as there is too much variance in reporting sections, and as yet harvesting has not been broad enough. However, it does appear that generally speaking, it is higher than normal and in some cases too high for what otherwise would be considered a safe storing quality. Not enough fields are finished to determine yields but we hope to know more by the first of next week, as well as reports of just how much, if any, real damage from recent rains occurred.

An important consideration marketwise still is the question of holding of this crop by farmers, as in all sections the price is above the loan. This is especially true in Iowa where the premium over the support level is close to 15¢. Even so, with the possibility of a close adjustment by the end of the next crop year, we feel that once harvest pressure subsides, the price of this commodity below the current level might induce the purchase of beans with a view towards profits later on. At least, the situation surrounding this crop appears to offer better possibilities at the moment than other grains because there will be less competition with government supplies, insofar as beans are concerned.

An unusual situation developed in the market this morning as corn futures were making crop lows while nearby oats were recording new crop highs. There is a smaller amount of rye this year, and with this the case prices continue rather firm and investment purchases were made with little pressure in that market. Chicago stocks are still quite large, and though there may be merit to the long side, there is little indication that local supplies will be moved from this market and additional quantities could be shipped to Chicago, thus giving a two-sided picture.

Practically all of the red wheat that the Commodity Credit owned at the Atlantic seaboard has been sold to exporters, and though there are still additional amounts between the East Coast and Chicago, the basis in that market is generally coming more in line with that in this city on the most favorable billing, and indicates that the red wheat in Chicago is more likely to be used for export commitments if that business should develop later in the season. This has given some impetus to our market which has been in the doldrums recently and a fair rally occurred. Anticipatory hedges forced beans lower and both products were also quite weak. The late forecast is still optimistic.

When the wheat visible is posted Monday it will compare with a decrease of 3.4 million last year.

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CHICAGO, 4 October 19, 1959

Weather over the week-end was very favorable, and we had advices om downstate Illinois that there was a good deal of field work possible during this eriod, with both corn and beans harvested. As a result there was naturally some ck-up in country selling. The last government report on corn indicated a crop of 429 million bu, which is 17% above the 1957 record production. The yield of 52.5 u per harvested acre compares with an average of 40.6 bu, which is the result of favorable growing season and modern techniques.

One of the truly great differences between our agriculture and that of iost other countries is the extent to which we have used machines and electricity to ubstitute for muscles-- both human and animal. In one of our letters last month e commented on the fact that one of the reasons we outstripped Russia to such an normous extent in the raising of corn was that our rainfall was much more favor-ble than theirs. Likewise, we had longer growing seasons, and we do not have the evere temperatures during the winter. In any event the state of Iowa by itself may aise this season 826 million bu corn, which is more than is raised over the entire oviet Union. One agricultural worker in our country provides enough for himself nd some 25 other persons; in Russia the figure is 4 or 5. Part of our great achieve-ents have been made through rapid mechanization, and it should be noted that be-ween 1940 and 1959, or a period of less than two decades, the number of tractors nd other motor vehicles on farms has more than doubled. Inventories of other arm machinery and equipment have trippled. Thus we have been able to release man-ower from farm work, while in Russia, according to Soviet sources, some 50 mil-on persons were working in agriculture and in forestry in 1956, which was 43% of heir total labor force. They had several times as many people actually engaged in griculture as we had, and yet our total production exceeds theirs by a wide margin. ussia has about one million tractors all owned by the state, while we have nearly million that are owned by individuals. Of course, they may in time improve their echnological status but we believe that their progress will be slower than that which e have achieved over the past 20 years. Probably of greatest importance is the act that the Russian people do not own the farms they work, and as a result they aturally do not have the same incentive to forge ahead. This is the most compelling eason for keeping our agriculture free and maintaining a profit motive through com-etitive markets rather than to socialize an industry, which would only tear downthe rinciples of free enterprise, which has always been the heritage of our producers nd which is as precious as life itself.

The Winnipeg Free Press forecasts that more than 100 million bu of rairie wheat may be left under snow this winter. Agricultural experts estimated hat some 20 million bu will be lost if farmers are forced to harvest next spring. hus there could be some cut in the size of the crop and they may not actually gath-r the 407 million bu that was forecast in the last Dominion report. Likewise, flax s largely unharvested, although this commodity is known to winter as well or better han any of the other grains, but if stalks are forced down by severe weather, it may e more difficult to pick up by the combines next spring. Weather over the Western rovinces is still mixed, with some further snows in sections, while drizzling rains ere reported in Alberta, which is the Province where harvesting has been most eriously delayed.

According to the American Soybean Association, the carryover of soy-eans at the end of the present crop season may be a little higher than the 55 mil-on bu estimated by USDA officials.

Chicago wheat stocks for the week declined 340,000 bu, but with the float supplies that we have here there is still about 12 million here. There was a-ubstantial decline in corn stocks, and general talk from the country was that farm-rs were selling beans more freely than corn. The corn market was quite firm, and t times beans held pretty well, but there was a fair amount of hedging. We feel, owever, that bean purchases can be made on setbacks. There was an increase the Chicago supply during the week of 445,000 bu, bringing the total to 6 1/2 iillion bu.

Wheat was barely steady, and there was no feature whatsoever. Out-ide of some awards that came too late Friday, the commercial business was slow. Ieal was quite weak at one time but hedging pressure seemed to be absent in the narket, and rallies, which occurred, were caused by local short covering. Rye as firm but there were no new developments.

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CHICAGO, 4 October 20, 1959

Despite the fact that a lower net income for growers is indicated for 1959, the nation's farm lands continue to increase in value as they have since 1954. The greatest demand for these rural acres is by producers desirous of adding to farms that they already own, and thus are eager to buy neighbors' property. There has, of course, also been pronounced urban expansion and the growth of residential and commercial development of what was previously land used in the growing of crops. The steadily increasing trend towards commercialized farming and technological improvements over the years has encouraged big farms to the point that less than 12% of the total U.S. population is now engaged in this endeavor. Over 40% of allland purchases last year were for the purpose of adding to already existing farms. These rural developments are an important factor in the economy of the country. Through the years farmland ownership has been a popular investment medium, and though returns from other ventures might have been greater, nevertheless, resale values of this type property have maintained a proportionate pace with the inflationary movement. Land investment has offered a tangible asset whether in periods of inflation or depression, especially during times such as the present when population growth assures a steady and long-term demand for this land and its production. Though it takes experienced people to engage in the business of farming, there are many who realize the necessity of this profession and the investment possibilities. It has been said, "they are making more people but no more land" and for this very reason the trend in increased farm land values has and probably will continue to increase for a long period of time.

The Department of Agriculture has stated that the amount of corn used in the past crop year, which ended October 1st, will be just about 3.7 billion bu. This is a substantial increase over a year earlier and nearly 600 million bu more than the 1953-57 average. Although this amounted to practically the entire production of last season's harvest, it is not terribly encouraging as we begin the new crop year as the carryover will still be somewhere in the neighborhood of 1 1/2 billion bu. When we add 4.4 billion bu currently being produced, the projected carryover next October 1st will most certainly be quite a bit larger as early indications are that utilization in the next 12 months will be little, if any, higher than during the previous similar period.

The weather remains clear throughout the Midwest, and harvesting activity continues to progress. In the next couple of days most of the bean combining should be completed, and corn picking activity will gain the full attention of farmers. The forecast indicates some rain possibly for Iowa, as well as a few scattered showers in Illinois, but even so the immediate demand for these two commodities should be fairly well fulfilled with the movement having already progressed to its present point. Bookings of soybeans were again good and Chicago receipts, including barge and truck, are about 3/4 million bu. There has been some disappointment in the amount of corn booked so far as it appears as though the early run is going directly to the cribs, especially in the case of high moisture grain. Price in many cases is between 80 and 90¢, and at that level farmers will certainly try to store either until it dries sufficiently to be worth more money or else in order to place it under the government loan.

Although weather in Western Canada is a little better, it is still unseasonably cold, and there are large areas where no progress is being made towards harvesting.

During the week free stocks of wheat decreased 340,000 bu leaving 12 million in Chicago supplies. Free corn increased only slightly, and there is a little over a million bu of this grain in local elevators. As the country selling of this cereal has been light, there is no immediate pressure to speak of, and a fair amount of short covering has occurred the past two days. Consequently, prices are higher and there may be a more firm undertone until offerings expand and pressure develops substantially. We are still of the belief that this will take place, and advices indicate that with the tremendous anticipated supplies cribs will be overflowing.

The visible supply of wheat decreased 1.5 million this past week. An outside milling interest is reported to have bought a moderate sized round lot of red wheat for shipment out of Chicago. Soybeans rallied and the open interest continues to mount. The late forecast shows no rain for the next 24 hours. December oats made a new crop high.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 21, 1959

The carryover feeling from yesterday was a little bullish. It is true nat markets did not hold their entire advance, but there had been a rather good pturn in beans, and the general feeling is that since the pressure did not come all t once, because of delays in combining, farm selling would extend over a longer eriod, and that this would, therefore, not offer much pressure on markets, particularly with the processors having been low on stocks and rather inclined to replenish supplies. While there are many feeding ratios that are not nearly as attractive as they were a year ago, with hogs on a lower ratio compared to corn, and with low prices for eggs, which means that feeding of chicks may become somewhat discouraged, there are some offets, particularly with the drought situation in many parts of Europe, which is described as possibly the worst on record. This is becoming steadily a more important influence on American markets for wheat, feed grains, and millfeed. There is an active inquiry from Germany for 50,000 tons of bran, with shipment to be made prior to year-end, and it would be the largest amount ever sought by any European country. One of our friends recently wrote us from London that after returning from a vacation, he found that water in his apartment had been rationed, and it seems that the situation with respect to water reserves has been deteriorating for some time, both in Britain and onthe Continent.

On the other hand, welcome rain has fallen over a wide portion of the farm lands in India, benefiting standing crops and conditioning the land for the seeding of spring crops. The Food Minister of that country stated that there was no foodproblem there, and that he was in favor of gradual decontrol of trade. He wanted normal trade channels to function, but warned traders that he would not allow them to create an artificial deficit. As a precautionary step, it was his desire to build up reserve stocks. It will be recalled that last season India was one of our best customers, and although they bought wheat here on an extremely favorable basis under P. L. 480, we are inclined to believe that some of these purchases were made more for the purpose of improving reserve supplies than to take care of actual needs.

Here at home, there is no important change either in the statistical outlook for wheat nor in our agricultural policies, with Congress having adjourned without taking any constructive action. Wheat brings in only 6% from cash marketings, but it accounts for 30% of our price and income stabilization costs. If the obsolete wheat program is continued, it will mean a further build-up of the surpluses by 100 or 200 million per year. We have applied controls and there is a minimum wheat allotment of 55 million acres. If the formula had been applied according to the law for the 1959 season, the national allotment would have been zero acres. We might as well face it, our Congress would never legislate a law of this kind and the farmer would never accept it. Moreover, the Secretary of Agriculture could never enforce the carryover allotments that would be needed to effectively control production of wheat today. Technological revolution has upset all calculations, but even this might not have brought about the present situation except for the price support programs that have spurred farmers on to ever greater heights. Obviously, we cannot price surpluses as if they were scarce without in the end paying dearly for our folly. Furthermore, we can never get away from the age-long rule that price does affect consumption and that markets will eventually respond to realistic pricing.

Markets were generally firm. Concerning wheat there is a fair amount of export business pending, and one commission house was the best buyer of futures early in the session. The market in Kansas City has been strong recenty, and farmers in the Southwest are reluctant sellers of this cereal and with the ew sales of red wheat from Chicago stocks, there is a firm undertone. The evenual disposition of this year's rye crop including that which is presently being stored in this city will be the determinant in the price at which this grain sells. For the time being we would prefer to wait for breaks on which to make purchases.

There is a fair amount of investment buying in soybeans as public nterest has been attracted by the fact that a close adjustment between supply and lemand during the coming year might call for increased values during the season. Though this may occur, we feel it is a little early to become too enthusiastic as supplies at the start of the season are close to those of a year ago, and country rices are above the loan.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 22, 1959

Until now, marketing of new crop corn has been disappointing. In addition to weather, there are other reasons for this. Farmers are reluctant to sell at present prices, which run between 80 and 90¢, depending on the moisture content; where crib space is available they naturally are interested in storing their grain until it dries and discounts are reduced. Much of it will go into the loan as the quality is generally quite good. Of course, some of this cereal is too wet to store, and in some cases space is not available so that selling of fair amounts should be witnessed, and commercial demand probably will be well satisfied atleast until the end of the year. The real heavy movement will be delayed only until such time as the government takes over impounded corn, and then they cannot sell it unless it either goes out of condition or until such time as the price rises above the loan and accrued charges. The latter instance is unlikely with the present free market price well below the $1.12 national support level. Eventually the government will become a tremendous factor, and the American taxpayer will be asked to pay the bill not only for the cost of storing and conditioning, but also the most likely prospect of loss between the loan and resale values. There is a good article in this week's TIME MAGAZINE regarding this subject.

Too little wheat has been available for commercial interests in the Southwest, and prices have reflected this by steadily creeping upwards the past few weeks. Though export business has been quite good, hedge-lifting has not nearly accounted for total sales, but it is thought that hard wheat from the country is moving directly to the Gulf to cover these foreign shipments. In many cases the price is above the loan, but there is still a reluctance on part of farmers to sell this grain though some easing in the situation may occur after fall seeding has been completed. Terminal market prices have advanced 3 to 8¢ per bu this past month, reaching the highest levels of the season in most places. The largest increases have been in Kansas City and Minneapolis. The holding tendency in the Southwest is difficult to explain completely even though the crop is smaller than the previous year, and it may be that producers will wait until the first of the year to see if values are still in excess of the loan. If not, they have until the end of January in which to place their grain under support. An impounding report is due momentarily, but likely will come after the close Friday. As of the end of August, 174 million bu of 1959 crop has been designated for this program.

The final carryover figure for last year's soybean crop will be issued tomorrow afternoon. Total crushings for the 1958-59 season amounted to 401 million bu and, as exports totaled 110 million bu and seed about 30 million, we can account for 541 million bu used during the entire crop year. Since supplies on October 1st a year ago amounted to 595 million bu, tomorrow's figure should show a present carryover of close to 54 million bu. There could be a deviation which might be the result of inaccurate crop forecasting, and some new crop beans may have been crushed in September.

The weather remains clear although a few light showers are possible for the corn belt area within the next 24 hours. In the meantime, harvesting progress continues at a rapid pace. Conditions in Canada are somewhat better although some unsettlement is indicated for tomorrow in that country.

U. S. wheat and flour exports since July 1st are 110.5 million bu vs. 117 million last year, according to Broomhall, Oat exports so far are almost triple those of the previous season and shipments of rye are 1.6 million vs. 5.3 million in 1958.

The primary receipts of wheat totaled 853,000 bu vs 905,000 last week and 1.1 million a year ago today. Kansas City and Minneapolis stocks decreased 1/4 million bu so far this week. Markets were on the quiet side with some profit taking in soybeans and rye. Meal was weak as export interest has tapered off and because of increased offerings. Spot corn is now 1 under December as harvesting expands, and no doubt there will be additional pressure in the next week or so if weather stays fair. Consequently, we doubt whether this market will receive much support at this time. Although new crop highs were recorded early in oats, some profit taking developed in the nearby probably on a spread basis as the deferred months remained firm.

We understand traffic congestion at the New Orleans port is so heavy that a meeting is in progress to see what can be done to relieve the situation.

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CHICAGO, 4 October 26, 1959

After the close of the market on Friday, USDA released the latest figures on impoundings and stocks of various grains in all positions. We have mentioned frequently in recent letters the tight holding policy by wheat farmers, especially in the Southwest, and the fact that much of this cereal is worth a price comparable to or in excess of the loan value. It is, therefore, somewhat surprising that 60 million bu has been added to the support program during the past 30 days. The total figure is now 235 million bu. Much of the increase came on the Pacific Coast and in the Northwest areas, as well as Nebraska. Recently the Kansas City futures market has reflected the tight holding policy, and our market has been firm, mainly because of rather heavy export business, including some sales of red wheat. Even though the country price in many cases is over the loan, the mere fact that farmers are determined to hold their wheat probably eliminates pressure and any commercial interest is met by limited offerings.

Also included in this government release was the carryover figure of 62 million bu of soybeans as of October 1st. This is a record amount and is slightly more than the trade had anticipated on basis of utilization during the past year, but does indicate that some beans from this year's crop were most likely crushed during the month of September. We now know just about how much of this commodity we have on hand at the start of the present season, and as far as determining future prices is concerned, we must note as time elapses to what degree demand develops. Stocks of corn in all positions on this same date amounted to a little more than 1.5 billion bu, which is a record. However, considering the size of last year's crop, this increase of 58 million bu from the year before is not significant since disappearance is also greater than at any other previous time. Also of interest is the fact that stocks of rye totaled 28 million bu, which is 15% smaller than a year ago, and the least amount since 1953 which, of course, reflects the small crop. Disappearance of oats for the first three months of the season was 433 million bu, including exports, which is more than in 1958, and this comes during a year in which a relatively small crop was raised. As of October 1st, 1,011 million bu is on hand compared with 1,335 million twelve months ago.

The weather man was mostly responsible for the excitement at the opening this morning, as fair amounts of moisture accumulated over most of the corn belt. This, of course, caused further delays in harvesting, and the forecast indicates more precipitation might be received in the next day or two, which will probably keep farmers out of many fields much of this week. There have been a few minor complaints about stem rot because of weather the past month, but with the huge crop on hand reductions, if any, should not seriously affect over-all supplies. Canadian weather has turned bad again, including snow in some sections. This is causing further delays in harvesting in that country, and it may be that some of the grain yet in the fields will not be harvested this fall.

An article currently appearing in a Feed Magazine says that officials of the Agricultural Department have raised their sights on soybean exports during the season to an expected level of 150 million bu. Part of this may be in the form of products, such as meal, including the European demand, which could develop as the result of their recent drought, and if this becomes a reality, very few, if any, soybeans would be carried over next October.

There was a small decrease of 116,000 bu in the Chicago wheat stocks this past week, leaving a total of 11.9 million bu here, including that which is afloat. With harvest in progress, receipts of corn have increased in local elevators to 23 million bu, which is 1.3 million more than the week before. For the same reason bean supplies are 3 million bu above those of last week, and there are now almost 9 1/2 million bu of this commodity in Chicago. Local rye stocks total 2.8 million bu, which is practically unchanged. Some oats were shipped from this city and the total supplies remaining are 3.7 million bu.

Markets were very strong with beans as much as 3¢ higher and nearby corn up 2¢. Weather was the most important factor and a good deal of short-covering occurred. Concerning the latter cereal cash demand in this city has not reflected the delay in the country movement and the spot price is still 1¢ under December. The corn-hog ratio is 12.5 vs 12 last week and 17 last year. Flour business has improved.

The visible supply of wheat decreased 2 1/2 million bu, but there is almost 40 million more in this category than on the same date in 1958.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 27, 1959

When Congress reconvenes next January, one of the foremost probems on the agenda will be agriculture. It becomes increasingly obvious that we cannot continue the accumulations indefinitely without catastrophic results. Reducing the percentage of parity loans may help to a degree but thus far has not prevented the amassing of supplies, and we are convinced in our own minds that a new solution is necessary.

In an effort to recommend something that might be constructive, we have been advocating a two-price system for wheat. The theory behind a program of this kind would be to permit markets to resume their normal character, since we have never been able to find a better method of getting products into consumption than through supply and demand. The farmer would be granted a subsidy of some kind, which we recognize is distasteful to the American people. However, we should be honest with ourselves in the realization that we are already subsidizing agriculture with payments to exporters on almost every bushel of wheat shipped abroad. We also have subsidies to the Post Office, to the Railroads, to the Air-ines, etc., etc.; therefore, we are not venturing on something which is entirely new. Many of the leading magazines of the country are strongly opposed to subsidies. They do not, however, come to the party with their hands entirely clean. According to postal authorities, in 1956, nine leading magazines paid the government $17,434,000 to send their periodicals to consumers. The actual cost to the government for handling this mail was $47,700,000; therefore, the government had to subsidize these publications to the tune of $30,266,000 for distributing the magazines where in many cases advertising pages comprised up to 50% of the total space in these journals. Actually, one publication received a total revenue of almost $4 million in a week, and yet received a postal subsidy of an additional $179,000. We sincerely hope that in deference to the farmer, whom we have pledged ourselves to help, we try to keep the record clean without interference with markets and without the continued piling up of supplies for unwanted markets.

Total receipts of beans in Chicago by truck and barge were quite heavy, indicating that a good portion of the crop in this state had been previously harvested. Weather, while indicating some further rains over the corn belt states, should be followed by clear skies by noon or evening, with a drop in temperatures to possibly the freezing point. This is more satisfactory, of course, after all the rains that have occurred. There was a little country selling of wheat noted in the Southwest but only at a few points, and, generally speaking, producers are still holding back their grain. The heavy business in hard winter bakery flours, which had been reported over the week-end, was followed by an additional volume on Monday, and early estimates are around 5 million cwts. Generally after such sizeable orders, we run into a quieter period although export buying is still a factor.

According to Broomhall, recent rains should have improved Australian prospects and the outlook for the wheat crop is in the vicinity of 170 to 175 million bu, which would compare with last year's harvest of 216 million bu.

In Canada weather continues somewhat unsettled, particularly in the Northern areas where harvesting is least advanced. The Winnipeg flax market was again very firm at the opening even after yesterday's sharp advance. The rye, which had been shipped from Canada a few days ago, was apparently destined for Buffalo and there were 130,000 bu involved. Early profit-taking in soybean meal was general by both commission houses and local traders.

Statistics were of no special importance. Beans and corn were finally influenced by the prospect of better weather; also CCC yesterday sold 0,000 bu of soybeans through their Minneapolis office while twice that quantity had been sold in Ohio and 20,000 were sold in Iowa. According to the government weekly report, beans in Illinois are 90% harvested, 87% for Indiana, and 80% in Iowa. The same report also spoke of a lag in corn picking, but mentioned that wheat in the Southwest was germinating well with excellent growth which came as no surprise. Winnipeg rye futures made a season's high although best prices did not hold. Their strength had some influence here. Wheat was fairly steady. Some related hedges were lifted against recent flour business, and it is thought that further buying of futures is still to come as apparently not all of the hedges have been covered.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 28, 1959

Interest in soybeans continues to mount as the open contracts have reached new high levels, surpassing amounts normally open in past years. The market may be considered more two-sided at the moment, but there is hope that eventually almost the entire crop will be used, in which case the value of this commodity may be a good deal higher. The 10-year average carryover of beans through 1957 was 5 million bu, and on October 1st last year, 21 million bu was in the reserve. Consequently, it appears to many as though 63 million bu presently carried into the new season when added to a prospective crop of 530 million will allow for plentiful supplies during the coming season, even though it is likely that crushings will be at about last year's level. Thus we begin the crop year with almost the same number of soybeans as we had 12 months earlier, and the projection can be made that there will be some surplus next October 1st. However, as now indicated exports could increase to 130 million bu, well in excess of last year, and with the prospect of better European feed demand, overseas meal shipments could increase somewhat. So far farmers appear to be storing as much of this crop as possible, as recent price strength encourages them and they are hopeful of netting better returns at a later date. Therefore, harvesting pressure has been light, and general buying has been stimulated insofar as Chicago futures are concerned, and the market has had a good deal of support.

There is the other side of the ledger in this situation. Presently conversion is not particularly favorable, as soybean oil is depressed and competition from cottonseed oil is greater, with this year's large cotton crop. Beans are selling above the loan in the country and in some cases at a high enough figure to allow government competition from their rather large stocks. Even with the CCC selling formula about 20¢ above the present loan rate, they could be an effective factor in keeping free market prices from advancing, as long as their stocks of this commodity are available. For these reasons it appears as though the market at this level is somewhat vulnerable and purchases should be made only on setbacks. We are hopeful the utilization will be in line with the more optimistic estimates and if this occurs prices may improve as the season progresses.

The 5-day forecast indicates as much as an inch of rain in Illinois and Indiana, and lesser amounts for Iowa. Weather is not an important factor at this date except where it causes further delays in harvesting and it will be mainly in the case of corn, as this is the only grain of which there is any appreciable quantity yet in the fields. Conditions in Western Canada are still unsettled, and it is interesting to note from Winnipeg advices that though they are still friendly to flax, they fail to find substantial reasons for the recent advance in rye. We have spoken at length recently about the drought in Europe and the possibilities of increased demand for feed grains from this country during the ensuing year. A letter written by a Canadian firm confirms the likelihood of increased feed demand, especially for proteins. However, they do point out that production of soybean meal in Europe has increased to the point where supplies of this article might be at least temporarily adequate.

Markets were mostly mixed with trade on the quiet side. Beans were lower, influenced partly because Commodity Credit sold additional quantities from their stocks overnight. Also the meal market met with pressure as a report from Memphis indicated that demand for cottonseed meal has slipped and exporters are now trying to resell some of their earlier commitments. Cash prices have been reduced, and soybean oil again declined. Stocks of wheat in Kansas City and Minneapolis continue to decline, and the primary receipts of wheat amounted to only 3/4 million bu, which is less than last week and a year ago this date. Except for a few wet fields in Kansas, seeding of wheat is nearly completed in that state, and with sub-soil conditions generally good it is expected that the crop will be off to a good start. High moisture content of sorghums has limited harvesting. Although there was a slight pick-up in farm selling, large quantities are difficult to buy although country elevator liquidation was somewhat heavier. There is still a fair amount of export business pending, including fair sized sales to the U. A. R. and Pakistan, as well as some West Coast white wheat to Japan. Flour business has quieted after the good demand earlier in the week, and our market firmed during the day, influenced by commercial buying of fair size. Quite a bit of selling developed in March corn in the form of hedges.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 29, 1959

It has often been said that when the winter wheat crop gets off to a good start in the fall, it is able to withstand many of the vicissitudes of later adverse crop factors much better than when early conditions are poor. It is interesting to note that the statisticians, who compile reports jointly for the USDA and the Kansas State Board of Agriculture, have just issued soil moisture figures showing that moisture supplies for the 1960 wheat crop in the western two-thirds of Kansas at mid-October were the highest of record. They, too, base data on the correlation between the soil moisture supplies at this season and subsequent years' wheat harvests that will add materially to the optimism now prevailing for next summer's production. So often rain west of the 100th Meridian is light.

However, when we have good moisture reserves in the ground in the western part of the state, we generally have bumper crops. This year average of the water available for planting use in the western areas is 6.86 inches compared with 5.99 a year ago, and a previous record of 6.44 in the fall of 1957. Naturally, a winter wheat crop is not made in October or November, but it might be well to reminisce a little because in 1958 Kansas raised 291 million bu, whereas a year earlier with adverse conditions the crop yielded only 100 million bu. With such a wide variance it is important that the crop should get off to a propitious start. When these bumper crops are raised, and the largest Kansas yield was 307.6 million bu in 1952, it is more than is harvested in either Argentina or Australia, and sometimes as much as the combination of the two. The average wheat crop for Kansas for the past ten years was 188 million bu. This is about three times as much as the state harvested half a century ago, when in 1910 only 60 million bu was produced, and the following year a little less. We recall that at the outbreak of World War I, Kansas had its largest crop up to that time, with a yield of 172.7 million bu, and total U.S. wheat production that year and the one following were far above average, so that we were able to take care of our Allies in furnishing foodstuffs when about one cargo out of every ten was being torpedoed and never reached its destination.

Most other portions of the hard winter wheat territory in the Southwest have also been favored recently with generous moisture. Thus it is that while rains have been excessive in many sections, so that high moisture content of sorghums has delayed harvest, and the corn crop has not been successfully gathered to date, there are at least some compensations, as mentioned above. The USDA in its latest estimates suggests a 1960 wheat yield of 1.2 billion bu, based on average yields of 22.6 bu per acre. However, anything better would in turn give us higher production on the estimated 53 million acres for 1960 harvest.

Broomhall mentioned that our wheat and flour shipments for the week were 4.2 million bu and since July 1st, 114.7 million vs. 123.7 million last year. Corn shipments since October 1st have amounted to 4.4 million bu vs. 9.6 million a year ago. According to The Southwestern Miller wheat was offered more freely by interior Kansas elevators and no doubt the recent advance in price, plus the good prospect for next season, is beginning to have some influence.

Primary receipts of wheat amounted to nearly 1.2 million bu which compared with 853,000 bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 785,000 bu.

Wheat prices were weak and while there was still a little buying in the pit against commercial sales, there was also liquidation, and some people are of the opinion that the market has had a fairly good advance and is entitled to some reaction. Some flour awards were made by CSS but other business was poor. West Germany bought some hard wheat for November shipment via the Gulf, but this attracted very little attention. Bad weather was experienced again in Western Canada and their flax market opened higher, but broke later on. There had been a report from Winnipeg yesterday by a reliable firm that nearly 11 million bu was still standing in the fields. The steel strike has probably had some influence on oil prices with the industry apparently not being able to get all the drums they need. However, beans were more influenced today by a better weather outlook, and the fact that Commodity Credit Corporation again sold some beans from its accumulated stocks. Corn prices declined. Some houses claimed that they made larger purchases in the country, but there is no doubt that a great deal of corn is still standing in the fields. Rye was weak.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 30, 1959

This week the Department of Agriculture announced that 100 specially rained persons have begun a comprehensive field survey and study of Commodity rain storage costs. This situation has been brought into focus by mounting government expenses surrounding the farm program, and has been a point of frustration both political parties in that no real effective legislation has been agreed upon o remedy the trend of high costs in administering the agricultural program. Consequently, as a resort attention has been turned to this item of storage charges nd the government might ask those in the private trade to help lighten the agricultural burden rather than to pass laws that deal with less costly support payments. The purpose of this review is to determine whether to reduce storage rates soon after the first of next year. Currently CCC is holding more than 2,100 million bu of grain in commercial storage. The cost is staggering without even counting transportation, interest rates and maintenance of federally-owned bins and maritime ship facilities used for holding additional large surplus quantities, the total cost of which is over $1 million per day.

The Uniform Grain Storage Agreement went into effect in 1940 because at that time production was initially being stimulated by means of support programs, and this made it mandatory for the government to find a home for excess supplies. Building of warehouse space was encouraged along with incentives to plant, all of which have brought about today's unrealistic and costly situation. With this background, and considering the present inflationary economy, it hardly seems fair to ask privately-owned elevators to make sacrifices for what have been errors in judgment by the heads of state. If expenses have become out of proportion, then Congress should revaluate the policy that affords surpluses to accumulate instead of asking the private trade to make unrealistic sacrifices in order to lighten the federal financial burden.

When looking at the map, it appears as though the corn belt is being attacked by bad weather from all sides. Snow and freezing rains are moving in from Canada and the Northwest, while much of the same which has fallen on the Rockies the past two days is approaching the Mid-West. General precipitation has been experienced in the Southwest overnight, and this also is headed in our direction, so it seems almost certain that the week-end will be a wet one.

Quaker Oats in their crop summary released this morning indicates yields of both corn and beans will be almost in line with the government forecast of October 1st, though they do mention that additional increases are not probable. They also reaffirm the fact that intermittent rain the past three weeks has delayed harvesting operations, and thus while beans are pretty well combined in most areas, only 45 to 75% of the corn has been picked through the large producing central sections.

When the visible supply of wheat is posted on Monday, it will compare with a decrease of almost 4 1/2 million bu a year ago today.

Soybeans and the products were strong from the start, and picked up momentum as the session progressed. It is difficult to say just exactly what caused the change in sentiment as yesterday all of these futures closed comparatively weak. Maybe the fact that the weather forecast is bad was the most influential factor, although only a small percentage of the crop is still in the fields. France bought 10,000 tons of this commodity and is expected to buy 20,000 more. During the entire 1958-59 season total bean exports amounted to 110,073,000 compared with 85.5 million the year before. The world production in 1959 is estimated at 944 million bu which is a reduction of 51 million from the year before, most of which is in the U.S. Today is the first tender day on November contracts, and so far only small amounts are expected for delivery Monday. As the spread between this future and January is about 1 1/2¢, elevators can profitably carry until the latter date. They are more inclined to do so considering the fact that only about 8 million bu are in deliverable position which is a good deal less than in 1958, and many hedges are going into later months.

Oats moved into new high ground as much of the overseas demand for this grain is being transferred to the U.S. rather than Canada. Farm selling of wheat increased moderately in the Southwest as values in most cases are above the loan, but this cereal was up probably in sympathy with other grains. Higher corn prices are due to unsettled weather conditions, and there is little hedge selling considering the size of the crop. A very large percentage is going into storage.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 2, 1959

The oat market has been acting very well of late, and as a matter of fct, prices during the first quarter of the season have averaged about 5¢ per bu bove last year. There is, of course, a very good reason for this, in spite of the huge amount of feedstuffs that have been raised. According to the last government stimate, we had a crop of only 1.1 billion bu of oats, which was a drop of 24% rom last year. Stocks on hand October 1st were only 1 billion bu, and were the mallest since 1944. Despite smaller supplies, disappearance for the past three onths amounted to 434 million bu, which was about 20 million larger than last ear and 8 million above average. Moreover, exports of 16.3 million were almost ree times those of a year earlier. We, therefore, continue to feel that oats are n a strong statistical position and should gradually do better regardless of advances that have already occurred.

A good deal of interest is also centering in rye, with some concentrated holdings partly responsible for market firmness. Rye has averaged about 7¢ bove a year ago, while the crop appears to be 35% smaller than last year. However, the increased carryover stocks have in part offset the smaller crop, although estimated supplies this season are still about 20% below the year before. October 1st stocks of 27.8 million bu were 4.8 million under last season. The disappearance of rye during the first quarter of the crop year totaled 8.8 million bu and was 4.1 million less than the year earlier. This came about as exports had dropped to 1.5 million as against 5.2 million last season. Feed disappearance was down but other uses were about unchanged. We shall probably have slightly larger imports from Canada this season than last and part of this has already been discounted in the market. The important thing is the amount that we shall ship abroad under the subsidy, and nobody can be entirely sure how large a quantity will be shipped out.

On Friday, there was a very sharp advance in the soybean market and we doubt whether this was attributable entirely to weather conditions, although some rains had been forecast. There have been a good many people who have waited for several years to buy beans and apparently some of the unspent energy is now going into this commodity, with probably the largest open interest we have had in a long while. The slowness of harvest during September encouraged a good many people but it was not only rain and wet weather that influenced sentiment. This year's crop, which is estimated at 530 million bu, is 8% below last year's record, although with a banner carryover of 62 million bu, which is about three times that of last year, we are starting off with almost the same total supply. In the season just closed we exported 108 million bu of beans, which was a record, and there are conservative interests who believe that in the current season we may ship as much as 125 to 130 million bu. Our crushings may also exceed the 401 million of last season, which in turn were 47 million greater than the year before. Thus we have a chance of cutting our reserve stocks and finally prices might do considerably better, but it all takes time to make inroads into the large quantities available and, therefore, it is our opinion that early advances in the market may not entirely hold.

According to Sanford Evans, there is 280 million bu grain in the Prairie Provinces still unthreshed. This includes 117.3 million bu wheat, 87.1 million bu oats, 64.6 million bu barley, and 11.2 million bu flax. With a possibility of bad weather returning in that country, it may leave quite a quantity of grain in the fields until next spring.

Chicago wheat stocks decreased 232,000 bu, corn increased 696,000 u, and there was a big increase in beans of 2.2 million bu.

Beans, after a little hesitancy, turned strong and featured the market gain. The open interest on Friday went up 2 million bu. The public is apparently n the market and is figuring on a much smaller reserve stock at the end of the crop ear. Moreover, meal advanced to a new season's high. Corn was a little weaker arly, but firmed to close almost unchanged from the previous session. There was uying of hedges in wheat against business to the U.A.R. Prices were very firm s there was little new pressure. We should have mostly clear weather over the orn belt for the next 24 hours. However, the country is still not selling much corn o Chicago. However, there was a good deal of hedge-type selling in December and March, but also some in May. Rye advanced with deferred months up the most.

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CHICAGO, 4 November 3, 1959

At present the Agricultural Department has $8.6 billion tied up in frm surpluses. This is the smallest figure in the past year, but only because we hve just begun new crop seasons and supplies of all commodities are reduced be-ause of normal marketings of all supplies, including those held by the government. heat, cotton, corn, and other articles from 1959 crops are eligible for the support rogram, and by next spring CCC investment will soar probably to new heights, as ese grains and other staples become government property. Of these holdings 2.4 billion are crops presently under price support; 6.2 billion is money invested n commodities owned outright by Uncle Sam. Included are 6 million bales of cotton orth $1 billion, $580 million of tobacco under support, as well as total amounts in oth categories, including 1 1/2 billion buof corn valued at $2.4 billion, and over 1/4 billion bu of wheat figured in excess of $2 billion.

In spite of a multi-billion dollar effort to bolster markets, prices are now at their lowest levels for the past 15 years. While the U. S. economy has been subjected to the most dramatic inflation of all history, farm prices have fallen more than 13% in the past decade. The major reason for these value declines in agriculture is the offering of incentives by the government to produce, and the fact that tremendous increases in output have been witnessed in all agricultural segments. As prices of farm items have declined, production has increased so that the American farmers' buying power has been pretty well maintained. However, the government's role in the process casts considerable doubt as to the worthiness of the present price support policy. Billions of dollars of taxpayers' money is spent to guarantee for the producer his financial share in the economy. This is fine, but we are convinced a more realistic and less costly method of agricultural aid can and should be devised.

The weather in Canada continues unsatisfactory, with snow and cold. This is not only causing further delays in harvesting, but in manyinstances all hopes of gathering crops this fall have vanished. This, of course, is being reflected in prices of Canadian grains, while flax in particular, which has had a substantial advance in recent weeks, was higher again this morning. The weather in our country has been clear in most parts of the Midwest, and many fields which were too wet are now drying sufficiently so that farmers can resume corn picking. This cereal firmed considerably during early trading this morning for the reason that delays in harvesting have forced commercial interests to fall behind in acquiring supplies. The early movement of corn has gone mostly into cribs or other farm storage, and there is disappointment over marketings. As the gathering of this grain continues, some will have to be sold and shipped, as we are advised that there is just not enough space in which to store it in all instances.

There is still export business expected in wheat with the U. A.R. asking for offers on 20,000 tons of No. 2 hard, and Yugoslavia is expected to be in the market soon. Farm selling in the Southwest increased further, and some easing of the recent tight situation might be expected. The main influence on the Chicago futures will be the amount of red wheat that is eventually designated for foreign shipment, and it is a question mark whether or not local supplies will be affected.

During the week free stocks of wheat in Chicago decreased 232,000 u leaving 11.7 million in this city. As a result of an increase of 3/4 million bu of orn, free supplies of this grain amount to 3.4 million bu.

The weekly government crop report indicates soybean combining is nostly completed in Illinois and Indiana, and about 80% finished in Minnesota. About /10 of the corn is picked in Illinois, Indiana and Ohio, and 30% in Iowa compared ith an average of 65%. One interesting comment concerning conditions in Illinois s that pasture conditions are better than at any other previous similar date.

The soybean market was erratic again and prices firmed considerably during the middle of the session and eased somewhat towards the end. The open nterest in this commodity continues to mount to almost 160 million bu. Commodity redit continues to sell from its stocks, and overnight almost 2 million bu were reorted to have been sold. Probablythe most important feature the past week behind his buying of futures has been the forecast for increased crushings and exports durng the coming season. This stems mainly from the summer drought in many uropean countries.

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CHICAGO, 4

November 9, 1959

Over the week-end the Supreme Court upheld by a vote of 8 to 1 the Taft-Hartley injunction requiring resumption of work for 80 days. During that time the Steel Union and management negotiators are required by law to continue settlement efforts. There were not many people who were surprised by the decision of the Court. Almost everyone had assumed that the framers of the Taft-Hartley Law were fully conversant with the constitution, and, furthermore, there could be little doubt that a strike which has lasted for about 116 days was cutting down the capacity of various industries to produce both for defense efforts and for the common good.

Steel management has held for some time that giving in to the demands of labor would be inflationary. One can hardly doubt the fact that inflationary tendencies are practically uncontrolled in our present economy. One might only reflect over the events of the past six decades when there were 35 years of deficits in the federal administrative budget. However, only 11 of these occurred during the first half of the period. Spending rose from an average of slightly over $500 million in the early 1900's to its recent $80 billion-dollar level. -Federal debt increased more than 225-fold; it is now equivalent to nearly three-fourths of the annual national income compared with 8% or less in the early years of the period. Whatever extenuating circumstances may lie in the costliness of wars and their aftermath, in the great enlarged population and income of a nation, it is clear that continual living beyond our means has now produced the most challenging debt and monetary problems of our age. As a leader of countries in the free world, it is surely high time that we stop living beyond our collective means as a nation and adopt the self-discipline which responsible citizens individually must observe.

Before our market opened this morning we had weather reports from the corn and bean belts, which showed that clear skies had been quite general and the forecast is for more of the same until about Thursday, when rains are again forecast, and these may amount to half an inch to an inch, so that no doubt farmers will make every effort to cut corn and to get the balance of their beans combined. After the close of the market tomorrow there will be a government report estimating the size of both the corn and the bean crops. Not many people believe that the corn yields will be reduced to an appreciable extent, although there are some who predict that there may be a reduction of 10 to 15 million bu in bean prospects. Such thinking was reflected in higher bean prices this morning and meal, which opened before the grain market, also showed an advancing tendency. Combining of beans is nearly completed in Illinois, and according to the American Soybean Association, the work in Indiana is 93% finished, in Iowa 85 to 90%, although for Kansas only 73%. Other states show a varying degree of progress, but in our opinion wet fields, and a lack of dry weather, which was noted in some areas lately, should not have too much influence on the final outcome.

USDA figures that domestic consumption plus exports will use about 3.9 billion bu corn vs 3.74 billion last year. Even heavier disappearance would result in a carryover of more than 2 billion bu, which would be a record high, although the oat carryover at the endof the crop season may be down to 200 million bu, which would be extremely small.

Chicago wheat stocks showed a larger decrease than heretofore with a decline of 458,000 bu being shown which leaves roughly 11 1/4 million bu here in Chicago. There was a million bushel increase in corn stocks and a little more in beans bringing the Chicago supply to 13 million bu.

In wheat stop loss orders were uncovered. There was also buying by a local commission house with light pressure and prices advanced more than a cent per bu. Beans were strong and with the exception of the November future, new highs on the crop were established. There was a brief period when the market declined below Friday's close after a cotton report was officially issued showing somewhat heavier production than had been expected. However, beans snapped back from setbacks to close higher. There was a fair amount of commercial buying which was also a help, and not much attention was paid to further selling of Commodity stocks both in our territory and in the Northwest. Corn was not much changed. The cash basis was firm with buyers willing to pay December price; in Iowa it is claimed that some fields are still too wet for farmers to do much picking. Rye prices were finally lower but oats were higher. The oat market, in our opinion, will gradually do better.

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CHICAGO, 4

November 10, 1959

The subject of farm surpluses is often in the news these days and the effects on our economy are pronounced. The one question that has arisen is whether population increases will eventually tend to solve this problem, and whether the people of this country can "eat their way" out of excess agricultural supplies. Of course, this will really n ever be the case, but it is interesting to note that these surpluses have amassed at a time in our history when population growth has been most accelerated. During this same period exports of many commodities have reached their peaks, and still no reduction in these farm stockpiles is apparent. The growth in the number of people in this country has been at about the same rate percentagewise as farm output, while probably the most important factor is that the personal income level has expanded at a faster comparative pace than population. Therefore, many of the articles which have become surplus are not being consumed on as large a per capita basis as they were two decades ago. For example, bread is not as popular as meat and though the amount of wheat consumption has remained relatively constant, the number of mouths to feed has increased substantially.

Of great surprise to many traders has been the recent strength in corn futures. Harvesting delays due to bad weather have accounted for much of this but partly to blame is the lack of country selling. In spite of the huge crop, farmers through experience of recent years have become more and more dependent on the loan, and it is amazing how effective this program has become, and the degree to which producers now take advantage of it. In addition to the great part of the crop which is grown for feed purposes, this year more was planted strictly for the loan. Farmers in many cases have refused to sell at the relatively low free market price while the government guarantees more. The responsibility for this grain that is becoming impounded under price supports falls in the hands of the taxpayers and they foot this bill as well as the cost of storage. Eventually, the CCC will take ownership, at which time they will be forced to sell on the open market. Theoretically they are not allowed to do so until this grain goes out of condition but there are loopholes in this program, so that often good quality corn is sold domestically, which helps to depress the free price of this cereal. In the meantime, commercial users have difficulty accumulating supplies, and it may be that the greatest pressure will not be felt until later in the season, at which time the CCC may be forced to sell from what might be rather large stocks.

Yesterday our wheat market became firm and approached high marks established a few weeks ago. Since that time quiet has prevailed in that market, despite a fair amount of overseas shipments. There was lesscommercial buying yesterday but instead prices moved higher as stop-loss buying was encountered. This may be somewhat of a delayed reaction resulting from a fair amount of export business consummated recently, as well as the fact that pressure from country selling remains light. Overnight foreign flour bookings picked up further and Yugoslavia was in the market for additional hard wheat via the Gulf and Atlantic.

Though the weather map indicates temperatures may drop considerably in the next 24 hours over the corn belt, only a few light showers are expected, and as skies remain clear the gathering of corn and beans is approaching completion. The most important news governing our market will be the official report on soybeans to be released after the close this afternoon and much of a deviation from the 530 million bu forecast one month earlier would be construed accordingly marketwise. The figure on corn will be less important as the size of the crop is so tremendous.

During the past week free stocks of wheat in Chicago decreased 458,000 bu leaving 11 1/4 million. Supplies of free corn increased 1 million bu and almost 4 1/2 million are in local elevators. The visible supply of wheat decreased 4.8 million bu and corn increased better than 3 million, which is less than the 5 1/2 million bu increase of a year ago. This market, particularly the nearby, firmed as country selling is not heavy on the basis of the size of the crop. Wheat remained firm and crop highs were registered. The same occurred in December oats as this grain continues its upward pattern. Soybeans were more quiet than in recent sessions, and tended lower as some profit-taking occurred in anticipation of this afternoon's report.

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CHICAGO, 4 November 11, 1959

After the close of the market yesterday, USDA published official production figures for soybeans, corn and sorghum grain. The soybean estimate of 528.1 million bu showed a slight decrease from the October figure. For individual states there was no change in the returns for Illinois, Indiana and Kansas. A slight increase was shown for Iowa and Minnesota, with small decreases for Missouri and Ohio. In any event, the pessimistic forecasts that had been made in some private quarters had not been borne out, so that in total we are starting the season with a crop and carryover of about 590 million bu, which is 5 million short of last year's high. According to USDA, prices later on may show a fairly good seasonal rise from the harvest time low since it is claimed that the trade will need to buy old crop beans from CCC in order to satisfy crusher and export requirements. We do not know whether cognizance has been taken of the fact that a good many beans have already been liquidated from government holdings, but in any case the first impact of yesterday's report was bearish, and there was a fair amount of selling at the opening this morning.

There are, of course, certain factors that should be noted: First, Supplies of edible fats, oils and oilseeds this crop year will be record large, and nearly one-tenth above the peak 12.9 million lbs. (oil equivalent) last year. The lard output in 1959-60 is currently forecast at 2,925 million lbs. which is about 8% more than last year; consequently, lard prices probably will average somewhat lower than the season earlier. However, more lard is expected to be used domestically in the manufacture of shortening due to cheapness in relation to the edible vegetable oils, and also lard exports are expected to increase sharply. Supplies of high protein feeds in the current season are expected to be a little larger than last year. Much of the prospective increase will be in cottonseed meal. Soybean meal production is expected to at least equal if not exceed this year's record output of 9.5 million tons. Larger consumption of animal protein feeds is in prospect but smaller production of linseed oil. Secondly: Since the supply of food fats is far in excess of probable domestic use, exports will have to be somewhat greater than the record 3.3 billion lbs. that was exported last season. Otherwise, an increase in carryover stocks will develop.

We have heard indirectly that certain officials of USDA have increased their estimates of soybean crushings but at least publicly it is stated that based primarily on projected requirements for soybean meal, there may be a total of 400 million bu or more. Soybean oil prices will probably average somewhat lower than last year in spite of the record demand for feed fats, reflecting the sharply increased output of competitive cottonseed oil and lard. On the other hand, the government believes that soybean meal prices are expected to average about the same as last year.

The corn estimate of 4,402 million bu was a cut of 26 1/2 million from the record figure of last month, but about half of this was made up by the increase in the grain sorghum production figure, indicating the second largest crop of record. Therefore, not much attention was paid to this factor, with Iowa and Illinois showing no change during the month, although there was a cut of 40 million bu for Minnesota, which was offset to some extent by increases in Nebraska and South Dakota.

The wheat market was finally lower, but trade was extremely dull and flour business continued draggy. We do not think that Secretary Benson's proposal, which apparently has Administration backing, had any influence on the price level. The Secretary is seeking a change in the wheat program basing supports on 75% of the average price for the previous three years instead of using parity as the yardstick. This would lower the loan from the present level of $1.77 to about $1.40. Of course, it will not be easy to get such legislation in an election year, but even if it were passed, it could not be effective until the 1961 wheat crop. Beans recovered from the initial break but weakened again, and the open interest keeps mounting and is now close to 173 million bu, having gone up more than 4 million bu yesterday. Meal also weakened. One can never tell in these circumstances when or how a readjustment might come. Corn had been quite firm early with the country not selling, but the market yielded some ground when other commodities declined. Rye did not do much. Domestic disappearance for the season may total about 23 million and exports may total about 5 million, which would give us a carryover reserve of 10 million bu next July.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 12, 1959

With the increasing amount of surplus commodities, in addition to expanding livestock production, the price outlook for 1960 for farmers is less encouraging. In many respects the situation will be similar to this year as agricultural values have already slipped to lower levels than returns of recent years. At the same time inflation continues, which forces costs higher, so that farm income will decline, according to USDA officials, about half as much next season as was the case in 1959. We know that output will again approach or surpass previous records for many commodities, but even so, usage of many articles will also tend to be greater. Feed grain disappearance is expected to be larger than during the past season, and even though cotton production is sharply higher, utilization should account for most of the increase. Foreign demand is also expected to broaden so that farm exports in 1960 likely will be the second highest on record. Even so, carryovers of many commodities will grow as we enter new crop seasons.

With this in prospect attention again focuses on the farm problem and in the past few days suggestions for legislation in the coming session of Congress have been mentioned. It seems certain that Secretary Benson will introduce his plan initially lowering government aid to wheat farmers to 75% of the market value for the preceding three years. Magazines and newspapers across the country have emphasized the need for reform, and the public is probably more willing and receptive than ever before because their awareness of the failure of past programs is quite general. Whether Congress in an election year will take the initiative is indeterminable at this early date, but certainly there are vast improvements that must be made soon or present high costs of maintaining agriculture will be further extended, which is unnecessary.

U. S. wheat and flour exports reported by Broomhall total 4 1/2 million bu for this past week and it is noteworthy that this is the first 7-day period in some time that we did not ship more than the like period the year before. Quite a large business has been done with both India and UAR, and foreign demand for this grain is less urgent at the moment. Probably much of the recent strength in the market is due to this demand source, and it could be if export activity is curtailed, some of the bullish enthusiasm temporarily could lessen. Though farm selling in the Southwest remains slack, substantial quantities are offered at prices slightly higher than the present market. It may be that after the first of the year, some of this wheat will be sold.

Corn receipts in Chicago have not been heavy although supplies are building up, and by next Monday the amount of this grain in free hands in local elevators could be in excess of 5 million bu. While this does not seem large, eastern demand is quiet and much of this cereal will probably remain here for local use until such time as new interest develops. Though most markets eased yesterday, oats remain close to the crop highs and Canadian advices remain friendly, as overseas interest for this cereal is quite good. It is interesting to note that the relationship between corn and oats has narrowed considerably, and despite the fact that this can be explained partially by the prospective size of the crops, there should be no shortage in oats even though a close adjustment is likely.

Primary receipts of wheat totaled a million bu which is almost the same as both last week and a year ago today. Corn receipts totaled 2.3 million bu, which is more than a year ago, and country selling seems to be expanding as farmers have been in the fields most of the week. The weather has now turned bad again, and snow and rain storms are encompassing the Midwest, and fairly good amounts of moisture are expected in many sections of the next 24 hours. Though only a small percentage of the soybean crop remains in the fields, had weather might mean a few small losses as combining equipment cannot enter when snow is on the ground.

The soybean market was weak early, but more than regained its loss and surprisingly in spite of yesterday's break, the open interest enlarged almost 5 million bu. Japan is reported to have bought 5,000 tons of this commodity. Corn, particularly the more distant months, was firm and the hedging that came into the pit early in the session went mostly into the December. Carrying charge differences, which have narrowed recently, are now widening somewhat as stocks slowly but steadily build up in Chicago. Oats have reacted from their recent highs, but this cereal meets support on breaks as the crop is small. Bad weather would curtail country shipments.

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CHICAGO, 4 November 13, 1959

When farm programs are discussed in Congress, most of the attention centers around the so-called "basic crops", which are wheat, corn, cotton, tobacco, rice, and peanuts. As far as corn is concerned, 85% of the crop never leaves the county in which it is grown. It is very largely fed, and, therefore, the loan whether it is higher or lower has much less effect on farmer's income than the price he receives for hogs and cattle. While the government has a sizeable amount of its funds in the support program invested in wheat and in cotton, not all people realize that it is the feed surplus which affects a broad sector of American agriculture. As a matter of fact, feed crops make up three-fourths of the total acreage of crops harvested. Of the seven crops with the largest acreages, six are used for feed; the other is wheat, a part of which is used for feed. In addition there are about a billion acres of pasture varying in quality from good rotation pastures to woodland or desert grazing. On a feed-equivalent basis, pastureland is about equal to 183 million acres of average hay land. Livestock makes up about 55 to 60% of the value of farm marketings. 52% of all fertilizer used is applied to feed crops and pasture. As of August 31, 1959, feed grains and soybeans were 39% of the value of all commodities owned by the Commodity Credit Corporation.

Before our market opened this morning, we had, of course, the weather to deal with. It was unseasonal, to say the least. For more than a month now we have had moisture with intermittent regularity, which has slowed harvesting operations, but now snow has buried Montana and has swept eastward into the Great Plains and Midwest. Falls up to 8 inches have been reported in some sections from eastern Nebraska to northwest Ohio and southern Michigan. Here in the Chicago area, we had as much as 4 inches of snow, and seldom does this occur before Thanksgiving Day, and often not before mid-December. In the 5-day forecast there is considerable amount of moisture expected, either rain or snow, and already this has halted country selling of corn, although it is quite doubtful whether there will be losses due to these adverse conditions. Even in Canada where the onslaught of winter came unexpectedly and early, a survey shows that a million bushels of flax in Manitoba had been harvested since the freeze-up, indicating what farmers will do in order to save crops. However, in Saskatchewan, it is said that only 35% has been harvested. Weather is bitterly cold across the Provinces, and marketing of grains is therefore expected to be light.

Some soybeans which had been tendered yesterday on the November contract have apparently been ordered shipped out of the elevator, probably to a crosstown switching destination. The same fate befell deliveries that were made earlier in the month.

Primary receipts of wheat were a little over 1 million bu, which was much the same as last week and compared with 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 1 million bu. When the visible supply is posted on Monday it will compare with an increase last year of 503,000 bu.

Trade was less active than earlier in the week. However, the wet weather had some effect at times on both corn and beans, but most traders preferred to go home over the weekend either even on the market or possibly long. There were some fair sales of January and March beans at times by industries, and it may be that further quantities of products were bought from Commodity Credit Corp. At times locals joined in this selling, but generally speaking trade was more two-sided. A firm that had some foreign sales of soybean meal told us that during the week they bought these contracts back from both France and Italy.

Wheat was quite strong, and it was difficult to say where the best buying came from. However, it did not appear to be entirely commercial, although one chain baker booked 60 days' requirements, and altogether there was a slightly improved interest. December wheat was relatively firm, and we heard that a substantial quantity of warehouse receipts had changed hands, but we were unable to tell just exactly what the significance of this is. Of the beans that have been delivered lately, most of them have gone to one processing firm and may be shipped out. This could affect the November delivery, and we may not have a year of big carrying charges, but this is not a factor that should necessarily effect a bullish trend.

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CHICAGO, 4 November 16, 1959

The United States signed a $238.8 million surplus food agreement with India over the week-end. This was intended largely to help that country meet the goals of its second 5-year plan. According to the terms India will obtain U.S. farm surpluses, including 110 million bu wheat, with its own currencies, Part of the money will be used to build grain storage facilities, and all-in-all it is probably one of the biggest deals that has ever been made in peacetime on a contract of this nature. As long as we continue to raise bumper wheat crops, it is probably well that we make every effort to divert some of our surpluses to needy countries.

It is a little difficult for this writer to understand how Secretary Benson could have proposed a program to the White House last week, under which terms all acreage restrictions would be removed if the basis loan were dropped to about $1.40 per bu. The experience that we have had in corn, not only with the increased acreage because of the cancellation of acreage restrictions, but also, the use of nitrogen fertilizers, which together has given us an added billion-bushel crop, should make some impression on those who have spent their lives in agriculture. Under the same circumstances we might in the foreseeable future raise a 2 billion-bushel wheat crop, which could really force an untenable situation on this nation. Furthermore, we have to consider that Russia is making great strides in her recovery program. We do not know the success they will achieve in obtaining big corn crops because of the short seasons and the comparative droughts which exist over wide areas. We have mentioned the figures of low rainfall in previous letters and shall not dwell on it here. On the other hand, Mr. Benson has seen with his own eyes during the past few weeks the tremendous headway that is being made in Russian wheat production. Soviet exports are believed to have reached a modern-day record. Imports of that country's wheat into non-Communist countries were more than 60 million bu last season as compared to only about 16 million in 1957-58. As a result Soviet wheat filled the gap left by the short supply of French wheat. Moreover, in doing this the Soviet wheat cut sharply into markets which otherwise might have been met with U.S. and Canadian supplies.

The European market for wheat has been holding very steady for the past few years at about 600 million bu, but unfortunately a growing portion has been furnished by countries within the Continent, such as France and Italy. This has resulted in a diminishing market for traditional overseas sources. It is, therefore, obvious that we shall have to look more to Asia, particularly India, Pakistan, and several other less well developed nations, where food needs have been outgrowing domestic production. It is possible that African imports, largely in the form of flour, may also give us favorable advantages, but the problem in our opinion will become more rather than less complex during the next decade.

Weather still remains unsettled and more moisture either rain or snow is likely for parts of the corn belt, although it will probably be considerably colder by tomorrow.

This writer had an interesting discussion with Roswell Garst of Iowa yesterday afternoon, and he saw little danger of any important harvest losses even though this has been a very unusual season. He figured that both corn and beans would be brought in although it was just a matter of time and he saw little reason for apprehension in other states, although reports we get from Montana indicate that heavy wintry blasts have occurred much earlier than usual.

Chicago wheat stocks decreased 274,000 bu, which leaves about 11 million bu here including the amount afloat. There was a big increase in corn stocks of 1.3 million and beans also increased to 13 1/2 million bu.

There was a fair trade at times. Soybeans started off on a firm note, probably influenced by unsettled weather conditions, but the market broke sharply and with the huge open interest of 185 million bu, we would expect further reactions before making purchases. Of course, some of the interest is in spreads and not in outright position, but with government selling, we think on firm prices it would not be long before all CCC holdings will be back in private hands again.

Corn was down fractionally while other grains declined more. Wheat was quite weak and commercial demand was very slow. Oats were under pressure. Stop-loss selling gave us a very weak market. Rye was lower and the Winnipeg futures also reacted.

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CHICAGO, 4 November 17, 1959

One of the most important agricultural laws on the Congressional books is P. L. 480. During the current crop season, it may be used to a greater degree than ever before. In 1959-60, the volume of farm products shipped from our shores will be the second highest in history, and of this total amount about one-third will be under this auspices. By means of the P. L. 480 program, commercial sales of surplus items are made with foreign nations in return for the latter's currency, which is spent wherever possible to raise the standard of living in that particular country. This unusual method of exchange is costly to our Treasury because wecan never really get a full-value return for the articles exchanged. However, we are able in many cases to promote good will, and it is part of an all-encompassing foreign policy of aid, which has evolved from the days of the Marshall Plan. In another respect, we are accomplishing an expense-saving device. For example, it is more costly to pay for the warehousing of these surplus commodities than it is to store foreign currencies, which is one result in the case of this type of transaction.

Too much emphasis cannot be placed on this program, as the larger amount of our agricultural exports is sales for dollars. In 1954, when P. L. 480 was initiated, many persons were fearful that it would cut seriously into free foreign trade, but in that season we sold $2. 3 billion worth of goods abroad and this year $2. 7 billion is earmarked for foreign sale. Only one-tenth of our farm production is exported, so that this relatively small percentage of American-grown foods was bartered or exchanged for foreign currency, and the largest recipients are comparatively under-developedcountries with whom we attempt to improve mutual relations. An example of this is Syria, with whom our Agricultural Department has announced the sale of $9. 6 million worth of U. S. grain, including 2, 800, 000 bu of wheat or flour in exchange for Syrian currency. This is in addition to a very large transaction with India discussed yesterday, in which 110 million bu wheat was involved during the next 10-month period.

A member of the Agricultural Economics Division of USDA, in discussing this year's high wheat prices in comparison with last year, claims that strength reflects large quantities withheld from the market and a crop that is somewhat smaller than in 1958. Prices in many cases are at or above the support level and though some temporary weakness may be exhibited at times, it appears as though the loan price will continue to be effective, although in many instances farmers are awaiting the new tax period beginning January 1st, at which time substantial quantities may be marketed. This is in line with reports from the Southwest, where cash prices remain firm and farm selling, though slightly improved, is still of moderate size.

Temperatures are extremely cold over the entire Midwest and in many places record lows have been experienced, which we hope is only temporary, as we are merely approaching the winter months. Reports from the country are that with clear skies farmers may be able to resume field work, and a good deal of the corn, as well as the remaining beans in the fields, should be harvested within a short period of time. At any rate, we hear of no losses incurred from the snow and wet weather over the past week-end.

Tomorrow is the final day for trading in November soybeans, and as of the opening this morning 10 1/2 million bu remained open. This commodity was erratic during the session, and firmed toward the close. The USDA in projecting statistics for the coming year, figures the crush will amount to 400 millionbu, and exports 125 million bu, which is 12 million bu more than last year. Seed and feed of 30 million bu will mean that the total usage should amount to 555 million bu, which would indicate that a carryover of approximately 35 million bu will be available next October 1st. The most important feature to our market at present is the open interest, which again increased slightly yesterday, and means that technical factors are more in force now than the supply and demand feature. As the season progresses we will know more about usage as well as disposition and location which will become important price factors later on.

Chicago free stocks of wheat amount to 11 million bu, and free corn supplies are 5. 8 million bu. Little more than 50% of the Iowa corn crop is picked vs 7/8 normal. 80% of Illinois and Minnesota has been completed.

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CHICAGO, 4 November 18, 1959

When a market is free, open, and competitive, it makes the automatic adjustment of production to consumption. With so many artificial stimuli that have come into markets through various programs, we no longer have the proper coordination between production and consumption. We used to feel that a fair price, or as it was sometimes called, the "equilibrium" price, was that which moved the whole crop into consumption without a shortage and without a burdensome carryover. The surpluses that have been growing in wheat have caused more concern to politicians, and it is now obvious that something drastic will have to be done if we want to reverse the trend of mounting supplies.

We are also accumulating a surplus inventory of feed grains. At the beginning of the 1958-59 marketing year, our total carryover of the four feed grains, which consist of corn, oats, barley, and sorghum grain, was 59 million tons. At the beginning of the 1959-60 year, it had increased to 67 million tons. All but about 10 million tons of this carryover is under price support. For the 1960-61 marketing year, it is estimated that we shall have a further increase to about 80 million tons, which would be the equivalent of half a year's crop. We have been fortunate that with the growing population and an era of prosperity, there has been a keen demand for meats and various livestock products. The sharp expansion in meat animal production that began in 1958 is continuing. The nation's cattle herd increased about 3 1/2 million head last year, while 5 to 6 million probably are being added this year, and numbers probably will continue to increase for several more years. Pig production began to rise in 1958 and this year's crop is the largest on record for peacetime. However, reports on farrowing intentions from 10 leading hog states indicate the increase is slowing down and may end in 1960. Sheep numbers appear to be continuing their slow uptrend. Higher feeder costs have led to somewhat smaller price margins for feeding cattle during the past season, and a similar situation exists now. Feeding margins are likely to continue narrow in the current feeding season; therefore, we may have surpluses in both feed grains and animal products of even greater proportions, and the government willthen have the burden of what to do with an excessive inventory in these categories. Putting goods into store under price-support programs is surely not the answer. On the other hand if the farmer decides to feed larger quantities to cattle, milk cows, or poultry, and if any other farmers come to the same decision, this may all contribute to still lower prices of beef, milk, poultry, and eggs.

Before our market opened this morning, there was not too much news. Corn picking in Illinois is moving slowly toward completion. Weather, however, seems to be more or less settled, with higher temperatures, although the 5-day outlook forecasts readings a little below normal. On the other hand, there is very little moisture predicted, and we figure that before long beans and corn should be brought safely from the fields. There was a little local selling developing in meal this morning, probably due to warmer weather and the better forecast. In Kansas, temperatures near zero over most of the state caused wheat in many areas to become dormant, and the sharp freeze with very little snow cover may result in some winter kill. We still believe that July wheat at present levels can be purchased with a minimum of risk, as next summer's loan of $1.77 on the farm has already been established.

Primary receipts of wheat were 953,000 bu which compared with 803,000 bu last week and 1,435,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 393,000 bu.

Trade in wheat was not particularly heavy. December wheat lost ground on the later months, and in our opinion there will probably be some sizable deliveries on the December future contract. Would not be surprised to see the nearby month go to a further discount. Flour business continued draggy and commercial business generally was slow. The corn market did very little, but oats were strong and they have recovered most of their recent losses. There was not much feature to the bean market. Prices during most of the session were firm. There was a very big open interest in November which expired today. One of the large processing firms provided selling orders so that shorts could cover. The trade was very orderly and considering the large quantities to be evened up, fluctuations were comparatively narrow.

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CHICAGO, 4 November 19, 1959

In spite of the large open interest in November beans, that month expired gracefully, and price changes were minimum in the final minutes yesterday. This is not too surprising in retrospect, as any further narrowing in relation to the January might have induced elevator interests to make additional sales and deliveries. As it turned out 1,366,000 bu beans were tendered and almost all were stopped by a processor, which could prove significant if they remain in the hands of this commercial user. With more than 12 million bu free beans in Chicago, it appears as though merchandising operations are more attractive to warehousemen, as they have been, for the most part, reluctant to make deliveries.

Concerning the price structure of this commodity, it is difficult to become too bullish at this time for two reasons. First of all, as we have mentioned frequently the large open interest tends to weaken the technical structure of a market. Even more important is the present situation surrounding the products, and both meal and oil have been under pressure, particularly the latter, which is influenced by plentiful fats and oils supplies. Meal must compete with other feed grains and with hog prices depressed and broiler production curtailed, the outlook is not particularly encouraging.

The Canadian crop forecast issued by the government of that country yesterday showed little change in flax production from the preceding estimate. The most important factor is the amount of grain yet unthreshed, though this figure is less than earlier expectations, and probably a million bushels of this commodity has been harvested since the report was compiled. Well over 100 million bu of wheat remains in the fields because the weather this season has been the worst on record, and in many cases farmers will be unable to combine until next spring. The production estimate of 8.1 million bu rye was practically unchanged from the previous report but a reduction of 6 million bu occurred in oats, so this year's crop is only slightly larger than that grown in 1958. Total wheat production will amount to 413 million bu vs 371 million raised in Canada a year ago.

Weather in this country is quite good and will benefit farmers in the gathering of corn that is still in the fields. In the Southwest conditions have been near perfect for the seeding of winter wheat and other fall grains, and that work is virtually completed in most of the important producing areas, though some little concern was expressed for areas where temperatures were near the zero mark without snow-covering, and crops in a few instances may have been subjected to winter kill. In most areas wheat germination is the best in recent years.

Wheat and flour exports so far this crop season,according to Broomhall, amount to 140 million bu compared with 149 million a year ago. Since July 1st, oat shipments have totaled 23 million vs 8 million bu in 1958 and only 1.7 million bu rye has been sold overseas vs 5.5 million in the previous like period.

Markets were generally weak this morning including rye which was about a cent below last night's close. Supplies of this grain at the start of the crop season totaled about 38 million bu including imports. The disappearance during the season is anticipated at 23 million bu, slightly less than the preceding season, and exports of 5 million bu will be less than the 1958-59 year. Consequently, supplies carried over next July 1st should be 10 million bu which will compare with 12.7 million on the same date in 1959. Since the loan has been reduced in each of the past three years, and now stands at 90¢ versus $1.10 a year ago, a two-sided picture exists, and with stocks of 2 1/2 million bu in Chicago, purchases of this grain should be confined to setbacks.

Meal was quite strong early in the session as a processor was the best buyer against the sale of soybeans. Cash meal was about a dollar higher reflecting the firmness in the product. There is talk of large crushings during the month of October, but the official report is not out yet. Wheat, particularly the nearby, was also weak and carrying charges widened as it appears as though deliveries will be made on December contracts on the first of the month. Shipments of local red wheat stocks have been small and unless export business of this class develops on a broad scale, there is little reason for the March to maintain its present premium over the May. This could be projected even further as July has been at a large discount under the May and, if wheat remains in this city at the end of the season, a considerable narrowing would take place. New crop months are presently at a big discount under the loan so that ownership involves little risk.

UHLMANN GRAIN CO.

Chicago, November 20, 1958

e sharp break in the soybean market yesterday, almost unexpected [illegible]

ere some traders who still wanted to [illegible]. There [illegible] in beans that requires special attention, [illegible] like some r commodities, the expansion of markets has kept pace fully with th[illegible] production. During the past six years [illegible] doubled, [illegible] foreign markets have become increasingly important [illegible] d outlet for our beans. During the 1958-59 crop season, [illegible] l the record 1958 soybean crop either in the form of beans or as oil, mpared with only 17% five years earlier. [illegible] in their currencies, we shall set a new record [illegible] son, reaching a total of about 125 million bu. [illegible] y be somewhat smaller. It is because of the continued increase [illegible] h at home and abroad that we cling to the theory [illegible] ans can be purchased, but we shall not [illegible] of the fact that the de- [illegible] rvesting due to wet weather gave us an initial advance of [illegible] l the unusually strong market for this time of year [illegible] the lowest [illegible] we have ever had. In our opinion, [illegible] ion, although the reaction that we have had during the last [illegible] ly improved somewhat the technical position of the market.

Projection soybean statistics as [illegible] early [illegible] 125 million bu.

seed and feed requirements are about the same as in recent years, and s would about [illegible] for the same or a little more than last season, the [illegible]

depending, of course, on the [illegible] t for the season is [illegible] of the [illegible]

May 21, 1958 to [illegible] loans. USDA [illegible] the soybean [illegible] price [illegible] year probably [illegible] er bu received last year.

When the opening bell sounded, there was a sharp and rather unexpected [illegible] in wheat prices. [illegible] were no immediate causes. However, [illegible] a good deal of buying [illegible] so [illegible] part of the early [illegible] flax market in spite of the fact that [illegible]. It seems that [illegible] chance, [illegible] helpful in taking [illegible] out of their market. [illegible] areas. We think it is only a question of time [illegible]

[illegible] wheat and last year. [illegible] a total [illegible] compare with [illegible]

[illegible] we stated earlier, there was [illegible] from [illegible] market [illegible] yesterday, [illegible] the same [illegible] some [illegible], while [illegible] area of the [illegible] from the country, and, of course, [illegible] this [illegible] probably. [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 23, 1959

Whenever the question of the Domestic Parity Plan is brought up, there re any number of people who immediately say they do not like subsidies. We too ll in that category but yet we can never forget that there are 25 million Americans, hether they be veterans, federal workers, those in the Armed Forces, farmers, ocial security recipients, who get regular checks from the government. This eans that one out of every seven Americans, as well as countless others, receives ither regular or occasional payments. At the end of 1958, federal sources were iving out food to more than 5 million needy persons and the food that came into hose warehouses originally was in large part the result of federal farm programs, which partially or in great measure regimented the farmer with acreage controls and marketing quotas. In addition to this there were some 2 million persons living in government subsidized public housing ventures; so it can hardly be stated that the government's role in various lines has not leaned toward socialistic trends. – Taxes at all levels of government take more than one-fourth of our nation's production and are levied most heavily on work, enterprise, and capital accumulation.

It is our firm belief that if Mr. Benson's program of a lower wheat loan and unlimited wheat acreage should receive affirmative action, our troubles would mount rather than diminish. An expansion in wheat production might be very similar to that in corn, where we have just experienced a bumper crop, by far the largest in history. In the case of corn much larger quantities of nitrate fertilizers were used in addition to the sizeable amount of land employed, all of which should serve as a warning that if applied to wheat we might, in the foreseeable future, raise a crop of 2 billion bu, which would really give us serious headaches.

Late Friday, the government released figures on price support programs. By end of October, farmers had placed about 263 million bu of this year's wheat under loan. This compared with 454 million bu last season, but, of course, that crop was 345 million bu larger. If we make the comparison with the impoundings - of two years ago, which at this time were 219 million bu, it would be a fairer comparison, owing to the fact that the crop that year was a little less than a billion bu. Not too much attention was paid to this factor although prices firmed a little and we still have a possibility of an artificial situation until redemptions become heavier. At the present time there has been 7 1/2 million bu repaid, and, of course, a higher market would naturally bring greater quantities of wheat back to the free market.

There were 5 1/2 million bu of soybeans placed under support by October 31st, of which 2 million was in Illinois, a million in Minnesota, and the rest fairly evenly divided for Iowa, Missouri, and Ohio. This is somewhat different from wheat where by far the largest quantity under loan was in the state of Kansas. According to the American Soybean Association, harvest of beans is now close to completion nearly everywhere except for southeastern coastal areas. Moisture content is generally high and some shattering is reported in late harvested fields of Iowa and Minnesota.

Chicago wheat stocks during the week decreased 178,000 bu leaving about 10.8 million bu here. Corn increased 1/2 million bu while beans locally were 254,000 bu greater, bringing the total up to 13 3/4 million bu.

Trade was more on the lighter side and there were not the wide fluctuations in beans today although the market was fairly firm. We would believe offhand that the supply remaining under Commodity control was down to much smaller proportions. There was also some speculative buying at times when meal prices advanced. Both, however, became weaker late in the day. Wheat was without much feature except that the December future continued to lose ground on the later months. Milling demand was generally slow and The Southwestern Miller claimed that sales over the weekend were nearly a blank. There was very little reported in export circles although we believe that before long some business will be put through. Corn did very little. There was also less evidence of hedge selling in the pit although the receipts here in Chicago, including those by barge and truck, were fairly large. Rye prices were firm. The demand out of Chicago still is very light. We have about 2 1/2 million bu here including the afloat stock, and, while there is little chance of increasing the local supply, we doubt whether it will go down much, and for that reason find it difficult to have a very decided view as to price trend.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 24, 1959

The recent policy of Commodity Credit Corporation has been to sell their stocks of soybeans as quickly as possible without seriously affecting free market prices. Though accumulations by this government agency were greater this year than ever before, a burdensome surplus situation appeared avoidable, and for that reason beans have been expediently channeled into the free domestic supply. It should be mentioned that with small free stocks available the CCC was able to ask a relatively high price. The crop and carryover October 1st totaled 590 million bu, which is almost as large as the same date a year ago, which was an all-time peak. As a matter of fact, since 1953, crop increases have been witnessed each season until this present one. Fortunately, expansion of markets had kept pace with this rapid rise in production, both of which have doubled since 1954. Though crushings have increased slightly in each of these periods, the greatest increased use of soybeans has been overseas demand. Part of this was in the form of oil shipments and over-all foreign markets accounted for 34% of U.S. soybeans grown last year, and this rate should be pretty well maintained in the next 12-month period. Exports of beans are expected to increase to 125 million bu, but with the larger world supply, anticipated oil shipments will be smaller than last year.

The government seems eager to dispose of commodities that are not yet in burdensome supply, and for that reason much of their stock of soybeans has already been sold. At the same time they seem inclined to dispose of oat accumulations where possible, and because of the reduction in the size of this year's crop prices of both commodities have been high enough to permit these domestic sales. At present oat values have been given stimulus because of the increased amount of exports to drought-stricken foreign nations. There is certainly no shortage of feed grains domestically but oats by themselves have merit, as almost the entire crop and carryover will be required for all purposes between now and next July.

As a result of the break in both Chicago and Kansas City futures, country offerings of wheat are as light as at any time since harvest and further tightening of the basis appears imminent. There is little likelihood that large amounts of this grain will be marketed by producers between now and end of the year, and, consequently, little pressure should be felt on the market from this source. There is a fair amount of export business brewing and large amounts of both wheat and flour were offered to foreign buyers overnight. Brazil is in the market for 100,000 tons of wheat. If there is any amount of hedge-lifting in the pit as sales are made, prices could do better temporarily. The most important feature to the Chicago market is the 7 million bu available for delivery, most of which is red wheat. If these supplies remain in this city during the season, the trend would be towards a widening of carrying charges. At the moment there are no prospective buyers of large quantities in sight. Export wheat to the east of here is cheaper, but this situation could change.

The visible supply of wheat decreased 3.8 million bu this past week and corn increased almost 4 million bu, which is slightly less than a year ago.

Though volume appears to be curtailed compared with recent sessions, prices of grain were mostly firm this morning. Wheat in particular was higher, and much of the strength was due to the anticipation of hedge-lifting against pending export sales. However, some elevator interests indicate that buying futures in Chicago would not afford much price protection against the sale of hard wheat at the Gulf. Soybeans were higher early, and there is little pressure in this commodity at present. Meal was also firm and the cash, likewise, was higher, but best prices did not hold.

The government weekly crop report indicates that at least 95% of the bean crop has been combined. As far as corn is concerned, however, only 65% has been picked in Iowa and 85% in Illinois. Fields are wet in both of these states as it has been snowing and raining all day, and this will cause further delays. Oats met support following the recent break.

Free stocks of wheat in Chicago amount to 10.8 million bu; there are almost 6 1/2 million bu of corn in this category, which is about as much as we accumulated in 1958. Free supplies of soybeans total 12 3/4 million bu. Kansas City and Minneapolis wheat stocks decreased 1/4 million bu so far this week. Primary receipts of this grain amount to 1.1 million bu vs 1.4 million last week and 1.6 million a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 25, 1959

Thanksgiving Day will be celebrated universally in this country tomorrow. As a great agricultural nation, we have, indeed, much for which we are grateful. Total farm output this year has reached a new high, despite weather conditions that were much less favorable than last year. Although average yields showed some decline, there were lands which had been idle under the Acreage Reserve Program in 1958 that had been returned to cultivation. It is true that wheat production was sharply lower, but the corn and cotton crops were up substantially. In any case, our total harvests are about 25% above the 1947-49 average. The chances are that cranberries will not be served on all American tables tomorrow, but there can be little doubt that everyone will enjoy turkey. We have a record number of birds: namely, 82 million, and the average wholesale price of about 23¢ per pound is slightly lower than it was in 1957 and 1958, while for the preceding five years turkeys were above 30¢. One bit of encouragement for the poultry industry is that prices of eggs, chickens, turkeys, which had reached historically low levels in 1959, may rebound in 1960. The gross income from poultry is about $3. 1 billion and the average per capita consumption of eggs and poultry meat does not vary a great deal from year to year. It amounts to about 350 eggs per person and about 35 pounds of ready-to-cook poultry meat almost irrespective of price change.

On the 16th of December, we shall have final statistics on this year's wheat crop, and a day later an estimate of probable production for 1960. No surprises are expected on either of these questions. The carryover of wheat next July is expected to rise by about 90 million bu above the record established this year. Furthermore, an increase in the size of the carryover may occur at the end of the 1960-61 marketing year if yields continue at the high level of recent years and exports continue at about the present level. With the total supply of wheat, including this year's production and reserves from the past, it is estimated that we shall start with 2, 404 million bu, which was an all-time record. Considering that our domestic disappearance is no larger than 630 million bu, it is quite obvious that we have to maintain large exports, and even if these are accomplished, we are bound to add to our accumulations. It must be apparent to everyone that a farm program that brings about these results is neither sound economically nor one that is worth the high cost of being maintained. Even with a minimumnational allotment of 55 million acres in effect for the wheat crop, and an average yield of 22. 6 bu per acre, we are likely to raise 1. 2 billion bu under normal conditions. A crop of this size, which exceeds domestic requirements and exports, is in itself burdensome. However, if the Secretary of Agriculture is successful in putting through his program of unlimited acreage, we see no hope of avoiding great repercussions; therefore, the outlook in our opinion remains very bleak.

Primary receipts of wheat were 907, 000 bu, which compared with 953, 000 bu last weekand about 1. 6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 317, 000 bu.

Markets were firm at the start. This was particularly true of beans. The crushing report showed 35. 3 million bu processed during October, which was not an unexpected figure, but it was an increase of 2 million bu from a year ago. The market, however, ran into some selling after an early advance. Stop-loss orders were encountered, and almost simultaneously meal prices reacted from a higher opening, so that altogether there was a little disappointment, and some evening up prior to the holiday. There were some CCC beans sold in the Northwest, which left only 3. 4 million bu in the hands of the government at Minneapolis.

Wheat trade was only moderate. India bought three cargoes of white wheat, and Japan bought a little more than a cargo of spring wheat. The Brazilian business may have been put through, but if not purchases of 3. 3 million bu are likely to be consummated at almost any moment. Indonesia bought 20, 000 bu U S flour. In this cereal there were also reactions.

There was not much feature to the corn market. However, the feeding situation is such that it is not easy to enlist enthusiasm on the constructive side of the market, although this is the time of the year when so often country pressure subsides, and between now and Christmas we generally have firm markets.

Broomhall's European crop summary was quite optimistic. Recent moisture has helped germination and in almost all cases winter wheat acreage will come up to expectations. In Germany, it might even be slightly expanded.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 27, 1959

In spite of our climate, it remains true that yesterday was Thanksgiving and December will not arrive until next Tuesday. Those who prefer a White Christmas are encouraged as a light blanket of snow has fallen throughout the Midwest over this holiday. In the neighboring state of Iowa a larger than usual amount of corn remains in the fields and farmers must be concerned whether they will be able to complete harvesting operations before winter truly sets in. If delayed until next spring damage and loss would not be widespread, as experience has proved that this cereal can survive this ordeal, and even today pickers are busy where snow is not deep enough to hamper operations. There are still some bean fields to be combined, though to a smaller extent percentagewise.

Farm prices declined slightly in 1959. This trend is expected to continue in the new calendar year, and since the inflation spiral has boosted living costs nationally a further decline in agricultural income is anticipated, though perhaps only half as much as in this year. Net income in the first nine months of 1959 has averaged 15% below a year earlier, as agricultural prices during this period have averaged 3 1/2% below last year's level. Declines in value of hogs, broilers, and eggs have accounted for much of this reduction in farm returns. Another contributing factor has been the slight rise in production costs, and the fact that government payments under the Soil Bank have been lowered with the termination of the Acreage Reserve Program. This situation is even more discouraging when we compare persons who earn their living from non-farm sources, and in this category the level increased in 1959 and will likely rise in 1960.

According to USDA prognostications livestock prices will probably continue somewhat lower in 1960, and with the expansion in hog production, animal meat returns are less. However, producers, aware of this situation, will be tempted to taper off the size of the spring hog crop, and some stabilization in the corn-hog ratio can be expected. Dairy prices in the coming 12-month period will probably average higher than this year, and there is the anticipation of better rereturns from poultry and eggs, which will be produced in smaller amounts next season. The world supply of fats and oils will tend to depress prices in this country, and the size of this year's feed grain crops will not be readily digested, which means that farmers' income will be affected here too.

There was little news to affect markets at the opening, and since we are in the midst of what might be termed a holiday week-end, trade was light at the opening. The tender of 100,000 tons hard wheat to Brazil has been cancelled and it is thought that country will purchase this grain from Argentina, in spite of the fact that they still have an authorization to buy from the U.S. At any rate some of the hedges that may have been lifted in anticipation of this sale must have been resold and as a result wheat futures were lower after the start this morning. However, cash wheat in the Southwest is still hard to come by, and country selling is practically nil and as a result prices are firm, especially for soft wheat, which has moved up more sharply than any other variety.

Though trade did not appear to be heavy, beans were under pressure as the session progressed. The open interest Wednesday again increased better than 2 1/4 million bu. It may be that on declines in the market many traders are selling other months against previous purchases instead of outright liquidation of the contracts which they already own. At least, this may account for a good deal of the continuation of this situation, and the number of open contracts in this commodity now total better than 185 million bu. The most influential feature to the soybean market no doubt is the products. Oil has been depressed for some time and meal, particularly the December, is a good deal lower the past two days.

With the exception of oats, which were practically unchanged, other markets were somewhat lower; and corn was probably influenced by continued country pressure. Receipts have been quite good, and Monday tenders on the December contract will be announced. The trade is expecting some deliveries in this cereal, as well as in wheat, and it remains to be seen whether they will be made at the start. Rye was easier but not as weak as its Canadian counterpart, which is off about 1 1/2¢.

When the wheat visible is posted on Monday it will compare with a decrease of 3.5 million bu last year. Primary receipts of wheat are 1.4 million bu, about unchanged from a year ago.

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CHICAGO, 4 November 30, 1959

America is a country of tremendous growth. Our rapid rise in population is going ahead at a pyramiding rate. It was up 9 million in the 1930's, while in the next ten years it increased by 19 million, and in the 1950's, it will probably have increased by about 27 million. All of these people eat and they wear clothing; actually most of what they eat and wear must come from the farms. However, the growth in population has been accompanied by the tremendous increase in crop production, so that the surplus problem is still with us. As a matter of fact, for the past three decades we have had a costly farm program, which has been a failure probably for the reason that prices were kept at artificially high levels. Not only has the private commercial storage increased by leaps and bounds, but the grain storage owned or sponsored by Commodity Credit Corporation has also been greatly expanded; even since 1952, when they had 750 million bu warehousing space, it had more than doubled by 1955, and it is probably greater today, although the rapid activity has beencurtailed, owing to the fact that efforts have been made to limit competition with private interests wherever possible. The mechanization of farms has made rapid progress; in a period of 15 years the number of tractors in active use has about trippled, while the number of combines and cornpickers has gone up in even greater proportion.

Altogether we cannot be satisfied with the farm program as it exists today because of the continued accumulation of grains and products. If Mr. Benson's program succeeds, to permit unlimited wheat plantings, we might easilyhave annual crops of 2 billion bu, which would, of course, upset the "applecart" even more. The weakness of the system is well described by Mr. John H. MacMillan,Jr., who ably points out that an article may easily be moved at a reasonable price but piles up for storage when people cannot afford to buy. As an example, he refers to the tens of millions of cheap ball-point pens that are sold to consumers, not primarily because so many pens are produced, but because each of them sold at a reasonable level to create a demand. Had they been held at a high price it would have constituted a surplus and it would have been necessary to build storage space to house these pens for which there was not a real market. The same, of course, refers to wheat and corn and all such other commodities which are held prohibitively high under a program of supports. Therefore, the economic problem is not one merely of too much production but with prices so high the result is unmarketable quantities for world distribution. It is high time that our thinking on this important subject becomes realistic.

Before our market opened this morning, there was not too much to guide it except that some export business in red wheat had been put through to the UAR and hedges were removed. Weather was cold and mostly fair except for parts of Kansas where some snows were reported. There are apparently still some unharvested fields of soybeans in northern areas, with 5% of the crop still out in Iowa and Minnesota, but this is not regarded as an unusual influence. T. A. Hieronymus, of the University of Illinois, was quoted as saying that he saw no reasonable basis for expecting a price increase in soybean oil, which would permit a lower meal price. He called attention to the number of beans resealed but thought that if these came out of government holdings, the price of soybeans would finally work down to about the loan price.

Chicago wheat stocks declined only 157,000 bu during the week, leaving 10.6 million bu here, including the amount afloat. As the December/March differences widened hedgers changed over to the deferred futures, which was only natural. Wheat tenders up to noon were 3,325,000 bu, but chances are more is being put out on original tenders. Corn tenders of 785,000 bu constituted more than had been expected, and had a slight influence on the spot market, which was quoted at 1 over. There were moderate amounts of oats and rye on tender. Beans, which opened on a firm note, were subjected to profit-taking, and we find that the stock in Chicago keeps increasing, with about 14.3 million bu here, and this has had a slight effect on widening of carrying-charge spreads. Rye was also a little lower on general indifference. We had a decrease of 95,000 bu in Chicago corn stocks, which came a little earlier in the season than usual, and somewhat surprising as receipts in this market, including those bybarge and truck, have been fairly liberal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 1, 1959

After the close of the market yesterday, new parity prices were published, and they showed a drop of 1¢ per bu for wheat and corn during the past month. Farm prices slipped again between mid-October and mid-November, falling to the lowest level in more than 19 years in relation to prices farmers pay for goods and services. We think one of the reasons that the farm program has failed so dismally is because it was predicated on a false premise. Those who originally came forward with the parity concept never had in mind that farmers should receive better than parity income for their entire farm. However, when the details were worked out they formulated a basic principle by which each bushel of grain would be balanced out against the various articles that farmers purchased. Thus no allowance was ever made for the technological developments that have taken place since 1914. For example, the average yield of wheat per acre during the 1909 to 1914 base period was 14.2 bu, whereas this year we raised 21 bu per acre, or 50% more. If we would go back a year, farmers actually obtained 27.3 bu to the acre; so it can be seen that by adhering to an antiquated and obsolete formula, the original program was doomed to failure. In corn during the base period, an acre ofland yielded 26.04 bu per acre, whereas this year we had average yields of 52.2 bu, or twice as much. In oats the yield during the base period was 29.38 bu per acre, whereas this year's crop, which was a failure, yielded 37.3 bu to the acre, and actually 44.7 bu to the acre in 1958.

Thus it can be seen that if we want a really true evaluation of furnishing the producer his full return, we must modernize the computation and take into account present-day techniques, improved fertilizers, better seed, and various other factors, which are now making an acre of land worth more in actual returns than was the case prior to World War I. The various agricultural committees have repeatedly failed to take these important changes into account. However, if we are going to have new legislation, it is paramount that the facts are properly and forcibly represented.

The heavy wheat tenders yesterday, which were finally more than 4 million bu, went mainly to a small number of concentrated interests. It remains to be seen what disposition willfinally be made of the receipts. If the carrying charge between December and March should widen, some of the local mills might possibly be interested in getting delivery, but even with the exports of red wheat via the East Coast, we are not yet in position to ship any grain from here on a competitive basis. Recently Chicago stocks have been declining rather slowly. The gossip in export circles is that we might ship more than 410 million bu wheat and flour during the current season. However, this is based largely on the heavy takings by India and other Asiatic countries. Possibly the idea may have been based on the fact that clearances to-date have been just about as large as they were a year ago.

There was nothing much in the primary receipts of wheat to cause comment. The visible supply this week showed a decrease of 836,000 bu. We still have 412 1/2 million bu in various positions which is 37 million bu more than last year. The corn visible increased 3 3/4 million bu, and we have 14.3 million bu more in various locations than a year ago. The oats stock went down, and the visible of 15 million bu is 9 1/4 million smaller than it was in 1958. Beans increased to 37 million bu, but in all visible points we have 2.4 million less than last season.

Markets were not particularly active. Wheat was inclined to be weaker at times, with some liquidation in the December future which enabled spreaders to get over to the March and May on a slightly improved basis. Beans turned fairly weak, but showed a good recovery after the meal market improved. The government weekly crop report told of 80% of the Iowa corn now harvested, in Minnesota it was 95%, and the clean-up work of remaining fields is expected to proceed slowly unless freezing of soils is accompanied by open weather. Corn did very little, but there was a little buying from time to time, and the fact that the price is so far under the loan is causing some attention. There was a small decrease in the free stocks of corn here, but we have about 6 1/4 million bu with the rest being under government domination. Chicago free stocks of wheat declined 157,000 bu. The deferred months of rye were under pressure, but nearby deliveries held better. Retenders of all grains on December contract were very small up to noon. More may come out later.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 2, 1959

When a person grows up under certain conditions or lives for a long time with various situations, he is apt to take things for granted, and accept them as a matter of course. This seems to be the case with many people who have come into the grain business during the last 15 years and have not actually known what free, open, and competitive markets have meant to the country and to our economy in general. Many grain men who are newly in the business accept as a matter of course the huge surpluses forgetting that these are costly to every taxpayer in the country, and they seem unmindful of the fact that our normal foreign markets are almost completely subsidized. Little wonder then that the outsider, who knows less about grain conditions, is so little disturbed about the failure of the farm program, particularly at a time when general business is good and the day of reckoning has not yet come to hand. Sometimes foreigners who look at the scene more objectively are in a better position to judge what is going on.

We had a letter this morning from a grain man in Britain, who said that one cannot help thinking that our catastrophic agricultural policy is permitted to continue in a country that otherwise is so well administered. He went on to say that the Secretary of Agriculture had helped the farm subsidy program by urging Congress to reduce government acreage controls and price supports, but the result of his endeavors was staggering. The U.S.A. farm subsidy program, according to this man's belief, will cost a record $6.6 billion in 1960. The lower support prices, which were supposed to reduce acreage, only had the result of encouraging farmers to grow more corn in order to make up the loss due to lower prices. He feels that not only for the student of economy but for every thinking man, the fact that there is a $6.6 billion farm subsidy program is a disaster of economic planning, which in his view is unique in the history of any nation. Moreover, these colossal surpluses are creating the greatest uncertainty to consumers and to traders because surpluses of such magnitude work like the Sword of Damocles.

It is unthinkable to us that after adding a billion bushels of corn to the current crop through the removal of acreage controls, Mr. Benson should recommend a similar program for wheat, which under favorable weather conditions might give us a productivity of nearly 2 billion bu in the years ahead. It is also unthinkable that with increased technological developments we can offer even reduced supports to producers without having a curb on planted acreages. Mr. Benson himself has stated on several occasions that the acreage allotment of wheat would be nil next season except for Congressional action that placed a 55 million minimum limitation on plantings. Thus the program, which even had a semblance of workability at the start, was fouled up with easing of pressures to make the scheme politically more acceptable. We can only repeat that when the change comes it will have to be drastic, unless we are geared for greater headaches than we have had to-date.

Primary receipts of wheat amounted to 859,000 bu which compared with 907,000 bu last week and about a million bushels last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 225,000 bu.

The most active trade in wheat was that of a spreading nature. It seems that the deliveries have been circulating pretty well, and apparently not all of those who took tenders had found a place for the grain. The result has been that December wheat has been sold rather liberally and hedgers have been taking it against the sales of March or May. This has caused a widening of the carrying charge. Commercial business was rather slow and there seems to be no sign of an immediate pick-up in flour trade. Export business has also fallen off for the time being, but we think that before the Christmas holidays there will be some improvement. Beans were strong, but we heard that a party who had spoken with his agent in Europe was told that the demand for soybean meal, cottonseed meal, and similar products was very poor, and some of the recent buyers were trying to resell. This was responsible for some selling here, but there were supporting orders on the decline. The corn tenders yesterday seemed to be largely recirculation from the previous day, and there is nothing really new in this cereal. The only thing that might cause a little more friendliness is the fact that the price is so far under the loan that there cannot be much enthusiasm on the short side of the market. On the other hand, the crop is so big that there is not the usual investment buying which so often comes at this season of the year.

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CHICAGO, 4 December 3, 1959

About 9¢ out of every federal tax dollar is spent for agricultural pro- - rams. Costs have reached an all-time high and the spending for agricultural pro- rams that have been designed primarily to stabilize farm commodity prices has eached record proportions. If we had accomplished something, we, as grain men, would be the first to laud such a program. However, the monetary outlets for the urrent fiscal year for all government farm programs and Department of Agriculture services are expected to reach $7.34 billion. This is equivalent to about 56% of net arm income. We conclude, therefore, that when we are paying out this much money or the highest domestic spending program undertaken by the federal government, (exceeded only by spending for national defense and interest on the federal debt) we are disappointed that accumulations continue, and that nothing constructive is being done in Washington to counteract many of the policies that have been undertaken.

As a matter of fact $7.34 billion in farm spending is more than the total amount of federal taxes paid annually by all residents and businesses in Illinois and Wisconsin. It represents an average of more than $1,500 for every farm in the country; it amounts to over 9% of the total federal spending for the current fiscal year. Furthermore, it is more than the federal government spent for all its programs and commitments in 1932, 1933, 1934, or 1935; yet the government holdings of price-depressing surpluses are now greater than ever before, and by 1960 may reach a total of $10 billion. There will be enough wheat in storage to last for 16 months when the new crop harvest begins next summer. It is for these reasons and many others that we think that an entirely new concept of agricultural help should be considered when the next Congress convenes.

Before our market opened this morning, there was not too much to guide it. We have felt for some time that the demand for red wheat in Chicago was not sufficiently urgent to warrant the relationship between December wheat and the more distant months. We also felt that when July wheat sold at 20¢ per bu under May, this was too wide a differential. Some correction has already occurred and unless there is a drain on the supplies of Chicago wheat, we think that further revisions are likely.

Reports from the Southwest are quite optimistic and for Oklahoma, as an example, fall seedings of wheat are virtually complete, while 92% of plantings are already up to fairly good stands. We shall have other state reports either later today or by tomorrow. In Europe farmers have been busy almost everywhere to accomplish as much as possible before winter weather sets in. Some reports claim that more rain will be needed before frosts but that continued mildness would help in attaining full acreages in a number of countries. Hope, however, is fading for full planted sowings. In France both seeding and germination has been favorable and chances are that full acreages will be realized. However, in West Germany there are some dry spots. Weather in Italy has been mostly beneficial from point of view of moisture, with fall planting complete, so that on the whole conditions have been far better than they were a few weeks ago when a severe drought existed.

Primary receipts of wheat were 1.4 million bu, there was a holiday last week, and last year primaries were 1.1 million bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 406,000 bu.

The wheat market was a very mixed affair; there was weakness in the December and March deliveries, while the later months were strong. Apparently there were a good many locals and others who liquidated the December, and we also understood that a quantity of wheat was bought at an outside point to come to Chicago. Thus, it was only natural that carrying charges should widen. Dullness perisisted in flour business, but there were some sales toIndia, with probably seven cargoes of hard wheat sold via the Gulf. There was also some Pacific white wheat sold under separate transactions. Beans were relatively weak after yesterday's short covering. We heard of more truck beans being sold downstate where the price was 19¢ better than the loan to the farmer. A very small quantity of beans was sold yesterday by Commodity in Minneapolis. Corn did not do a great deal, but some people believe that while the price is not particularly high that longs may lose the carrying charge. Altogether it is difficult to have very firm convictions. Rye prices were higher. We heard no special news, but the market is narrow and apparently easily influenced by moderate transactions. Considering the size of the crop there is a fairly large open interest.

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DAILY MARKET LETTER

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CHICAGO, 4 December 4, 1959

In addition to any tangible costs borne by the taxpayer in connection with government spending for agriculture, there are also hidden ones that do not appear on the surface. These include such things as interest on the national debt. To every billion dollars of farm debt must be added $30 million in interest charges, which accrue annually. Another item that does not appear on the surface is the additional number of personnel in the Treasury Department as well as the Department of Agriculture required as a result of the complicated system of payments, which takes a tremendous amount of figuring.

The federal programs can be described in many ways, but it is interesting to note that in Illinois alone the CCC owns 748 binsites and almost 55,000 structures which hold 191.4 million bu surplus government grain. The largest percentage of this is corn, which in this type of storage cannot be properly aereated and cared for, and very often will lose its good quality if contained for a long period of time. Consequently, discounts are often attached to the price of this cereal when it is sold on the market. Since even this tremendous quantity of space is not adequate to handle the entire amount of grain that falls into government hands, another $8.1 million a year is spent for leasing private storage facilities and maintaining the quality of surplus grain in this state. The administration of this program as well as soil conservation, account for $6.7 million per year and over 1,000 full-time and nearly 6,000 part-time government employees are being paid to administer these various agricultural laws and programs. Though Illinois is a major grain producing state, these figures can be multiplied many times, as almost every state in the Union to some degree or another contributes to the cost of the agricultural programs. It seems inconceivable that the federal government will continue to support ideas which actuallyadd further to the farm dilemma as it now stands. This is exactly what is happening and there is little relief in sight. Our minds would be at ease if we thought that this spending was behind us. However, there is every indication that it will be repeated indefinitely in the future, and if the present theories of government support to the farmer are continued, these expenses might even increase as the burden of surplus grains becomes greater.

At the moment wheat in Chicago is influenced by two factors. The most important presently seems to be the adequate local supply of red wheat and the circulation of this grain by delivery on December contracts. Again last night over 2 1/2 million bu was tendered and carrying charges continue to widen. Should a fair percentage of this grain remain in local elevators in March, that month could sell at a discount under the May. This can be projected even further, and thus we could anticipate that eventually the May would largely lose its present big premium over the July should Chicago supplies of wheat be available at the end of the crop year. However, the price level of old crop wheat must be considered in the meantime, and free wheat could be scarce at the end of the current crop season even though impoundings will be less than last year when a larger crop was grown. A total of 954 million bu is earmarked for domestic use and export, not including that drawn from government supplies. The amount of free wheat available for the 1959-60 season totaled 1,190 million bu, which means that anything above 236 million bu placed inthe loan will reduce free stocks by that amount though sales from government stocks would be a factor. Already a net of 255 million bu is committed to the support program by January 31st, the deadline for signing up. Though this tightness, if it develops, probably would be felt more in the Southwest and in Kansas City, our Chicago market might also be influenced.

European crop conditions are still a factor as anticipated production likely will measure foreign demand for U S goods during the winter months. Latest reports, according to Broomhall, indicate that farmers are rushing to accomplish as much fall planting before winter sets in. Though hopes are fading for fall planned acreage the early sown fields appear fairly good. This same source reports wheat and flour exports so far this season total 158.4 million bu vs 160.2 million a year ago.

Prices fluctuated in a narrow range in our markets this morning. Soybeans were higher, influenced by the oil which was firm. Corn remains weak, and evidently much of this grain still in the fields is so high in moisture content that it will have to be sold as storing it would be too risky. Rye declined as small tenders circulate.

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CHICAGO, 4 December 7, 1959

Price supports, which have been instituted for the six basic commodities, ave failed to take cognizance of the fact that price does have a function. Moreover, ne formulae by which these supports and loans are calculated are based on archaic nd unrealistic concepts. By use of the parity formula we have attempted by government edict to keep a dynamic agriculture harnessed to an economic relationship which existed half a century ago. When loans or supports are held at high levels by government, ownership of the grain has passed too often from private to federal hands through default. Moreover, when the supports have been higher than the – market warranted, it encouraged farmers to cultivate more intensively and concentrate their production on crops already in surplus supply. Certainly the program has been far too costly when the USDA expenditures this year have amounted to an average of $1,500 for each farm in the nation.

We are fearful that if the present system is continued, public indignation will be aroused to such an extent that all farm aid will be shunned, particularly by people living in the cities. Part of the legislation now on the books directly conflicts with other legislation designed to stabilize farm prices, and thus renders many of the programs ineffective. For example, the Agricultural Conservation Program payments to farmers for lime and phosphate add to the output of commodities which are already in surplus. In Illinois over 80% of the A. C. P. payments have been used for this purpose; thus we find that the government is subsidizing production on the one hand, while it is trying to restrict production at the same time through acreage and marketing controls and even a partial use of Soil Bank practices.

The number of persons employed by the USDA amounted to over 88,500 at the last count. A large proportion of these people were engaged in farm price support and soil conservation programs. Actually, there are more people employed by the Department of Agriculture than any other federal government agency except the Post Office and Defense Departments. We believe that surgery is necessary to cure the patient and not merely the use of salves.

Just this morning we picked up circulars from Washington, one telling that USDA had purchased 1,131,000 lbs of canned pork and gravy for distribution to schools and they had also bought 5,796,000 lbs of frozen ground beef for the same purpose to schools participating in the National School Lunch Program. All told USDA has bought 20 1/2 million lbs of ground beef and offers are invited for more bids next week. In our opinion this should all be handled through private enterprise on the one side and organized charities on the other. In most cases. we believe that children would be in a better environment if they walked home for their lunches, but in any event we do not believe that a business of his kind should come under Department of Agriculture administration; they have many other important functions to perform.

Friday's buying of soybeans, principally by one large commission house, had rallied the market sharply at week-end but we had some reactions this morning. There was no particular pattern to wheat tenders but apparently elevator interests are getting some of their receipts back, while in the case of corn there have been deliveries to a firm which apparently is ordering at least part of the grain out of Chicago.

Chicago wheat stocks decreased 368,000 bu during the week. We knew of some shipments that had been made from here, and believe that the recent purchase to come to Chicago has not yet shown up. Total stocks amount to 10 1/4 million bu. The commercial demand is slow and according to The Southwestern Miller flour sales have dropped to small proportions. However, the backlogs are fairly sizable for the majority of trade. Prices eased off slightly and there was little feature.

Beans were intermittently strong and weak. The market never got too far on the upside, but it is thought in some quarters that the next government report will show an increased in this fall's harvested acreage. We have a total of 13 1/4 million bu of beans in this market. Corn was firm at times on a report that about 100,000 bu had been ordered from here to go East. Whether this movement continues remains to be seen. There was an increase in the Chicago corn stock of more than a million bu during the week, bringing the total to 27.6 million bu, but of course a large percentage of this represents government holdings. Rye was firm early but best prices did not hold.

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CHICAGO, 4 December 8, 1959

The effects on our economy after years of over-production stimulated by high federal supports are being felt. During Secretary of Agriculture Benson's administration the situation concerning major price supported commodities has grown worse. The outmoded program based on parity has admittedly failed. New concepts have been unsuccessful. The Soil Bank and Acreage Reserve did not work because the poorest producing acres were left idle and increased yields more than offset deficits on the balance of the land as better fertilizer and new technological methods were applied. In 1959 the nation's corn farmers were allowed unrestricted plantings, and the government permitted a loan basis 90% of the average market price of the preceding three years. The astronomical over-production that resulted could be foreseen by agriculturists by applying simple arithmetic. Unlimited acreage plus fertilizer and normal weather equals 4.4 billion bu of corn, approximately 700 million bu in excess of 1958's record crop, and the result will be a carryover next October 1st of somewhere in the neighborhood of 2 1/4 billion bu, almost two-thirds of one year's entire domestic and export requirements. The same basic formula is now suggested for the 1961 wheat crop by Secretary Benson, and in our opinion, if allowed to become a law, could result in a 2 billion bu crop in addition to the large surplus already in reserve. It might be that on July 1, 1962 we would begin the crop year with over 3 billion bu of this cereal, or enough grain to feed the U.S. population for almost 5 years.

In addition to the money spent annually for loan purposes, the government must meet the perpetual and growing cost of storage and transportation as well as the thousands of personnel required to administer this program. Eventually part of the grain deteriorates and must be sold at a loss in competition with free grain, all of which is depressing not only to our economy but to everyone's morale.

What we propose is a program that would sensibly and expediently lessen this growing glut of grain. The name does not matter, domestic parity, two-price plan, or what have you. Essentially it would operate hypothetically as follows--the government would establish a domestic wheat quota for each farmer based on previous production and overseered by the county agent. If a farmer were to grow a thousand bushels and his quota is 750 bu, he would sell his crop on the free market and, if the price was $1.00 per bu, he would net a $1,000. If parity were established at $1.50 that farmer would receive a check for $375 from the government representative on the wheat he was permitted to grow for domestic consumption, and the difference between the market price and parity. The balance would be grown and sold at his own risk and, if unprofitable, would not be worth his while to produce. In a period of short duration supply and demand factors would return, and surplus grain in government hands could be slowly moved into export channels. We believe this sytem would work and in time reduce surpluses and cost much less money. No additional grain would fall into government ownership and administrative costs would be greatly reduced. Though subsidies are distasteful, this type would only be temporary, and would offer a more modern cure than loans which are seldom repaid. Favorably speaking, farmers would receive more equitable aid because they only would receive money for wheat required domestically and would not be encouraged to grow grain simply because the government pays them to do so. Taxpayers' funds would be available for more constructive purposes.

There is talk that processors may shut down some plants because of present poor conversion ratio for soybeans. Though there have been no definite commitments to do so, processors are mindful of the conditions and there was some buying of meal during the session as shut-downs would reduce at least temporarily supplies of this product. This points out a bearish situation in beans as this commodity is presently priced too high in relation to oil and meal.

Corn eased further as free supplies of this grain increased more than 1 million bu during the past week, and there are 7.3 million bu in Chicago elevators. Free wheat stocks decreased 368,000 bu, leaving 10 1/4 million bu , and some of this grain continues to circulate on December contracts in the form of deliveries; thus there has been a tendency toward the widening of carrying charges, as there is no immediate outlook for large shipments from this city, as wheat to the East is cheaper. The visible supply of wheat decreased 6 1/4 million bu this past week, and overall supplies are 34 million bu more than last year.

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CHICAGO, 4 December 9, 1959

Several processing plants, including a large one at Decatur, Illinois, re either shutting down or planning todo so for at least a short period of time. The oybean conversion ratio has been poor, as we have frequently discussed. It apears as though meal prices offer a fair return to processors based on the price of eans. However, oil has been depressed and the outlook is not optimistic, as world upplies are large and a furthering of this situation is likely. Though these curtailnents lend firmness to our meal market, it appears as though this product is now riced at a relatively high figure in relation to the over-all feed picture. Declining gg prices are discouraging hen production and hog values have declined as the result of the large pig crop, which influences the feeding ratio as animal returns are not particularly profitable.

Soybean prices are almost entirely related to the products, as well as exports. If crushings are slowed because of poor conversion, it is difficult to expect thepresent price level to hold, as more beans will be available; already cash prices are well above the loan. As the open interest continues to rise, it becomes increasingly difficult to anticipate additional buying power, especially as present processor demand for this commodity is not keen. Meal is approximately $1.00 below this time in 1958 and oil is about 2¢ under the 12-months'-ago figure. Yet soybeans are selling at a price in excess of last year even though the loan is lower. Supplies at the start of the season were within 5 million bu of last year's peak and carryover expectations next October 1st are 35 million compared with 60 million the same time this past year. Another primary influence is, of course, the amount of exports during the season and already 9 million bu more has been shipped overseas from this year's crop than the like period in 1958. It may be that part of this increase is due to European concern over poor crop conditions,, but since there has been some relief on the Continent and in Britain, some buyers may relax their efforts to buy this commodity at this time. Broomhall talks of stormy weather over most of Europe and the U. K. the past few days, and this moisture has been beneficial, adding to the reserve and offsetting previous dryness. Though this tends to terminate late planting, good progress was made earlier.

In our country clear skies are allowing farmers to finish field work, including the harvesting of corn. Much of this cereal has not dried sufficiently to permit farm storage as originally planned, and consequently, more will be marketed, particularly from Iowa and northern Illinois than was expected. This is reflected by the increasing of free stocks in Chicago, and has caused some widening in the carrying charges. With prices at such a large discount under the loan, we normally expect an improvement in corn values during the winter months especially as so much of this crop is earmarked for the support program. Though this may be true again this year, it is slow in developing partly because of the size of the crop and also because the harvest period was delayed and first-run pressure is still being felt.

Export business in wheat and flour continues at a fair pace and this is lending some support to the wheat market, though liquidation has occurred and prices have declined. Though Pakistan has temporarily withdrawn, hopeful of lower ocean freights, India has a remaining balance of 140,000 tons of both hard and white wheat to buy. Country selling has shrunk because of lower prices the last few days. It still appears as though some tightness in free supplies will occur before end of the crop season and purchases of futures should prove profitable.

Primary receipts of wheat were 729,000 bu vs 859,000 bu last week and 775,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks have decreased 204,000 bu.

The bean market opened quite firm, probably based on the Inspection Report showing that exports so far this year are 9 million bu more than for the same period last year. Meal prices were also higher, although oil did not follow the advance, and in fact, was lower. There was no feature in either wheat or rye, although late in the session it was reported that 80,000 bu red wheat had been sold to move from Chicago to Baltimore for export, based onthe special export railroad billing rates. It is questionable as to how much of this type of billing is available that would permit further sales of this nature. Corn and oats were both lower, although the spot basis for corn improved slightly. The bulge in beans did not last long and closing prices were actually lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 10, 1959

One of the most important influences on agriculture has been the improvement in farming methods and the almost constant ability on the part of producers to steadily increase yields. Technological improvements are very definitely an important item in our free enterprise system, and despite all attempts to control or restrict output, major crops steadily increase in size even though in many cases fewer acres have been utilized. During the past 10 years acre yields of corn have increased from 36 bu in the 1947-49 period to the present figure of 52 bu national average grown both last year and this. In this same period yields of sorghum grains have been increased from 19 bu to 36 bu per acre. For the four major feed grains, including these two as well as oats and barley, combined acreage yields have increased some 37% during the past decade. Based on present knowledge and assuming normal weather, this trend should continue for the next 5 years at about half the present rate of increase. Because corn is a major cash crop in this country, more efforts in the form of experimentation are devoted towards improvement of both quality and quantity of this cereal, and some researchers indicate that by 1965 the national average yield per acre could approach the 60 bu mark, well above the present level and certainly a factor to think about when we realize that this past season we raised 700 million bu in excess of our prospective needs. The basic reason for this trend is the better and improved use of fertilizer. The amount of nitrogen alone applied to feed grains between 1947and 1954 showed an increase of 208%. For this reason federal programs in their present form are ineffective as supports offer incentives to enlarge production and thishas been an easy task.

The CEA analysis of the large open interest of soybean futures reveals that most of the increase since the end of September has been in the form of new purchases by small traders versus sales by hedgers. During this two month period additional trades by the former category amounted to 66 million bu. That includes those who trade in less than 200,000 bu, and this group has a net long position of 120 million bu which in large part is offset by hedges. This report was compiled when the open interest was 191 million bu, and it seems apparent that the long side of the market is rather vulnerable, particularly when we consider supply and demand statistics.

There was a pick-up in domestic flour business overnight for the first time in some while, and three chain bakers made purchases varying from 1 to 2 months requirements, and some additional buying covered the full 120-day period. Otherwise there is little new to affect old crop futures. Fall seeding of winter wheat was completed under the most favorable circumstances in many years, and the crop is off to a good start. There are complaints from the Southwest now of dry weather, but it is too early to become concerned though almost all sections would welcome moisture as it is always desirable to have a snow covering on the ground when cold temperatures set in. There appears to be little risk in the purchase of new crop months at this time as July is approximately 4 1/2¢ above the net country loan, and there will certainly be little pressure in the next few months.

Primary receipts of wheat totaled 818,000 bu today compared with 1.4 million last week and a little over 1 million a year ago today. Kansas City and Minneapolis stocks decreased a total of 191,000 bu so far this week.

Some of the forces governing soybeans, which we have recently discussed are taking effect. This morning prices declined as much as 4¢, and part of this liquidation was due to the setting-off of stop-loss orders. Some additional processing plants have announced they will close down for a while because of poor conversion ratio, but certainly this has improved the past two or three days, as meal has been very strong, and beans are a good deal lower.

A few small deliveries of rye continue to make the rounds. December has been under pressure the past week or so and has declined about 4¢. There are few decisive issues regarding this grain, but in spite of the small size of the crop demand is not excessive. There is no indication of nearby strength. Though wheat was comparatively firm early on basis of the mill business, export demand is spotty, and there is little feature at present. However, pressure is lacking, and following the recent break in the market commercial support will be effective, particularly if tightness of free supplies develops.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 11, 1959

The recent weakness in markets has been largely in soybeans. Other commodities have been sympathetically affected by these declines, and the moderate to heavy tenders on December contracts have also had some influence on wheat and rye, but in the main we believe that it has been the large open interest in the bean market, which has been associated with the liquidation that we have witnessed. Many people were of the opinion that with the supply of beans this season, including the carryover reserves no larger than last year, and the possibility of heavier crushings and bigger exports, we might finally have higher markets. They overlooked the fact that less was probably going into the loan and that the conversion ratios were not profitable.

Meanwhile, there was a little better flour business but not too many hedges were covered and commercial transactions are indeed light. This writer spent several days in Minneapolis where probably volume of trade is at the lowest level in years. Much of this is due to the government activity but in any event, legislation has not and cannot solve the farm problem, although the loss of hedging markets is something from which this country may not recover for a long period of time. Not only have we seen the sad effects here of the Farm Board era, but more recently, with high loans which have prevailed, the laws of supply and demand have not been functioning efficiently, and surpluses have been built up on a scale never before known either here or in any other country. The politicians do not realize that in spite of all these efforts the laws of supply and demand are not out of date, and that furthermore there is no substitute for the free market. We believe that these views are worthy of every politician's consideration, and that the day of reckoning is closer now than it has been at any time. It may be necessary during the period of transition, if we decide to return to a free market economy, to isolate some government stocks from the market while providing for an orderly disposal in order not to completely disrupt the price structure. We are convinced, however, that high or uneconomic loans or supports will only tend to aggrevate the surplus situation even more Thus we doubt whether either political party will try to return to the high levels of support, no matter how urgent the demands from small farmers may be, to lend more aid. We do not say that complete withdrawals of price supports are imminent, but at least the warnings of men in agriculture are not ridiculed the way they were when loans were at first reduced from the 90% of parity level.

Before our market opened this morning, commission houses had sold some soybean meal and processor buying was not as evident as it had been recently. Thus it was almost a foregone conclusion that we would have lower prices for beans when that market opened. CCC has been liquidating some of its holdings and the amounts remaining under their care have been greatly reduced. Likewise the feedstuff markets have turned downward and with the unfavorable feeding ratios the formula feed movement has lagged, particularly the hog and poultry items. They did not get as much rain Southwest as had been expected but no particular alarm is being expressed at this time as apparently there was enough moisture to start germination.

Primary receipts of wheat amounted to only 668,000 bu which was a trifle smaller than last week and compared with 969,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of225,000 bu. When the wheat visible is posted next Monday it will compare with a shrinkage last year of 5.6 million bu.

The discouragement from yesterday apparently brought more liquidation into beans this morning although there were some offsets by way of commercial business. It seems that Japan purchased a million bu of soybeans for shipment during January and February. This undoubtedly meant the lifting of hedges here, but nevertheless the market declined although meal prices were rather firm and they are being influenced by the reduction of output throughout the country. The open interest in beans went up again, and apparently some selling and liquidation is in different months than those presently on the books. Corn did very little, but the wheat market was lower and the recent flour business has had no important bearing on our price level. We would prefer buying wheat on these breaks. Rye broke again and the actual demand is slow, We see no encouragement yet for investment

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CHICAGO, 4 December 14, 1959

President Eisenhower ended his visit to India after addressing a million people at a rally. The crowd, which was the largest that Mr. Eisenhower had ever faced, received the President warmly, and, of course, the main topics of conversation were freedom and peace, but there were many agricultural aspects that also came up for discussion. He saluted the people of India for their tremendous increase in agricultural productivity, which during the past decade had made such great gains. The details were all contained in an official guide book that was distributed at the U. S. Exhibit and the World Agriculture Fair in New Delhi. Three million copies were distributed amongst visitors that thronged the 5-acre demonstration, where it was explained how science and the dissemination of research data have contributed to America's surpassing productivity and farm progress. Such an interest was taken in this event that the cost of the 3 million copies of the guide book was met entirely by U. S. firms who were desirous of making this meeting a great success.

It was also the hope of various officials that India, which is probably one of the most prolific countries on the face of the earth, would better be able to balance out her food problems, whereas only a few years ago starvation took such a heavy penalty of Indian population. Last crop year of the 442 million bu of wheat which we exported, 121million went to that country. This was an increase from 76 million bu the year before. Of course, much of the wheat was either sold or given to that country under special terms, but it is likewise noteworthy that we furnished nearly four times as much as Canada did, and of the remaining exporters, the amounts that were destined to that country were comparatively small. The amount from Australia and various other countries was only in token form, all of which would tend to prove that had it not been for our generosity, India might still be in dire straits, and we believe that it is this realization which made the visit of our President such a great event. Since both their country and ours are so deeply interested in peace, both Mr. Nehru and our leader concluded that it could never be realized until all mankind is free.

Before our market opened this morning, there was not too much to guide it. According to Broomhall, Moscow advices told of an agreement reached with Brazil involving an exchange of over $200 million in goods over a 3-year period. This is the first trade agreement between these two countries, and comprises coffee on the one hand, while the Soviet government will supply various products and machinery. The same authority spoke of the French wheat crop, believing that the last official estimate of 11 1/2 million metric tons might prove to be too high. Additionally, that country is expected to use more wheat at home, owing to greater consumption on farms. Even with these factors existing, the surplus for export should be substantial. With the storms that prevailed over much of Europe last week, the drought should be broken and flooding in some low-lying sections was expected to cause losses of winter grains, but for the most part beneficial aspects appear more than offsetting any adverse effects. However, late planting was brought to a halt in many sections, but with the improved moisture situation, crops in most countries will enter the winter in good condition.

Chicago wheat stocks declined 272,000 bu but there is still a little over 10 million bu here including the amount afloat. Corn stocks increased 884,000 bu but there was a decrease in bean stocks of 768,000 bu which left about 12 1/2 million bu here.

Trade was not particularly heavy, but there was firmness in beans and this may have been a reflection partly of the strength in meal prices where local buying had been reported. After the sharp breaks that we have had, this should not be surprising, but it is still difficult to see why we should have sharp advances at the present time. Corn was without much feature and the market continues dull with only nominal changes. The Chicago corn-hog ratio as of December 12th was 11.1, almost unchanged from a week ago but compared with 15.3 last year. Wheat was firm and there was a little covering of the December future which went up slightly more than the later months. Commercial business was rather slow today and flour sales over the weekend were only moderate. There were fairly heavy retenders of wheat against December contracts at Kansas City, but generally speaking the farmers Southwest are not selling much. Soybean oil prices made season's lows.

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CHICAGO, 4

December 15, 1959

One of the most important Agriculture Department services is the gathering of statistics and the dissemination and release of this information to the public. This week quite a few such important reports will be available, including the indicated production of 1960 winter wheat to be announced Friday afternoon. Less definite is the release date of the monthly impounding figures, but those too are expected probably near the end of the week, and tomorrow after the close of the market the final 1959 acreage and per-acre production for corn, sorghums, and soybeans will be released. As far as the latter commodity is concerned, an acreage revision, if any, could show a change in the over-all size of the crop fromlast month's 528 million bu, even though yields may not have changed materially. This year's soybean crop has been estimated on basis of 21.9 million acres for beans, which is almost 2 million acres less than utilized in gathering last year's record crop. In both seasons yields were about 24 bu per acre, which compares with the 1948-1957 average of 15 1/2 million acres, producing 21 bu, and crops of 326 million bu on the average.

Following tomorrow's report we will be able to project more intelligently the supply and demand situation during the coming year. At present bean futures are selling near the loan level in Chicago, although the cash price is better than the support price in the country. The government has sold 61 million bu of their over-all stocks which were 75 million bu, and will continue to dispose of their supplies at $2.05 national average, which is 20¢ above the loan rate or at the market if the latter is higher. Soybean exports are at a pace well in excess of last year although this was anticipated. Crushings are forecast at about last year's total of approximately 400 million bu. Processor-crushing margins will be a factor as oil is currently selling at an 18-year low and meal values are based on their worth as a feed nutrient. If prices remain above the loan, it remains to be seen just how many or how few beans from the 1959 crop eventually fall into government hands. These factors relating to demand will influence prices as they develop during the season, but in the meantime the trade anxiously awaits tomorrow's official final figure determining over-all supplies based on the size of the crop.

In regard to the above, during the coming year seven countries of Western Europe, which have been affected by recent drought, are expected to import nearly 15 million metric tons of feed grains during the 1959-60 season, according to a preliminary estimate of USDA. This would be an 18% increase above last year. During this past year, 7 million tons, or about 55% of their total feed grain imports originated in the U.S.; however, a larger proportion is expected to be shipped from this country during the coming year.

There was a fair amount of moisture in many parts of the Southwest overnight, including the Texas Panhandle. We have mentioned recently that though the wheat crop is off to an excellent start, there has been a dry topsoil condition, which will be benefited by these snows and freezing rains that fell during the past 24 hours. Even though Friday's official forecast may show a prospective crop of over a billion bushels of winter wheat, it is early in the season for pressure and new crop futures are at a big discount under the loan for this time of year; consequently, there should be support on breaks at this time.

While free wheat stocks in Chicago decreased 272,000 bu this past week there are still almost 10 million bu available, and at the moment there is no indication of any real demand developing for elevator supplies other than the commercial users in this area who draw upon local accumulations for their normal needs. Corn supplies increased substantially and are now almost 8 1/4 million bu in the free stocks locally, and could tend to widen carrying charges. Otherwise there is not much feature to this grain, and price changes have been within a narrow range for the past many trading days. Primary receipts of wheat today amounted to 714,000 bu vs 982,000 bu last week and 1,206,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks have decreased a total of 57,000 bu.

December wheat was firm during the session, influenced mostly by short covering, and spreaders may have been influential in strengthening this future, as the deferred months did not fully respond. Soybean meal was strong, making crop highs, and then reacted somewhat. This influenced beans which were about 1¢ higher early but they sold off towards the close.

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CHICAGO, 4 December 16, 1959

Though each feed grain may have an individual use, grouped together they have a common purpose and therefore related value. Presently there is a feed surplus problem greatly affecting American agriculture because feed crops represent three-fourths of the total acreage harvested, and of the seven crops with the largest acreages, six are used for feed and the other is wheat, only part of which is fed. In addition about a billion acres of pastures are available in some measure to add to the over-all amount of land used in the process of growing animal feeds in the U.S.

At the start of the year, 265 million tons of feed concentrates were on hand, and 185 million tons will be used in the present 12-month period so that carryover stocks will amount to 80 million tons, not including wheat, part of which falls into this category only when it brings a low price. Included in these figures are many grains supported and stored by the government at great expense. This is especially true when we realize that 55 to 60% of the value of all farm marketings is from livestock. As of this past August 31st feed grains and soybeans accounted for 39% of the value of all commodities owned by the CCC. It is interesting to note that a recent study made by the USDA indicates that a normal maximum reserve stock of feed grains should never have to exceed 35 million tons, which is less than half the present total. This same survey, in discussing carryover requirements of wheat, showed that they need never run more than 14 or 15 million tons which would serve as adequate protection against all but the worst weather hazards. Current supplies amount to about 2 1/2 times this amount, most of which is under government control.

The most important news item affecting markets overnight was the export figure for soybeans, and since October 1st we have shipped 44 million bu, considerably more than the 31.7 million sold to foreign countries as of this date a year ago. The early estimates anticipated total shipments for the season of as much as 15 million bu in excess of the previous year's figure. A big percentage of this has already been exported in the 2 1/2-month period that has elapsed. While on the subject of soybeans, the USDA has announced a new electronic device that quickly measures oil content of this commodity, and since the value of soybeans depends largely on their oil content, a more equitable pricing system therefore may result from the use of this new machine. If successful, future purchases of beans may be consummated by paying producers on the basis of the oil content which would be quickly measurable.

There was additional moisture in Texas but little elsewhere except for some scattered rains over parts of Oklahoma, but generally speaking, winter wheat conditions are quite good for this time of the year, and according to the Kansas weekly report some improvement was shown during the past week, as above normal temperatures permitted some greening and an increase in top growth. However, additional surface moisture would be beneficial as it would alleviate the danger of soil blowing. There is little export business pending and the near term outlook concerning overseas sales of this grain is not encouraging. Country selling in the Southwest has shrunk as the price relationship to the loan is a determinant factor. In many cases wheat is above the support, though prices have declined in some instances recently and as most farmers are eligible, there is little incentive to sell at the moment as they have until January 31st to decide whether or not to take the loan. For this reason some of the selling by first hands expected after January 1st in the new tax year may not materialize unless values rise. To what extent tightening of free supplies occurs later in the year will depend on the price level and the amount of impoundings.

After the close of our market the final government report for 1959 will be issued on all grains, and corn will compare with a figure of 4.4 billion bu last month. Soybeans will compare with 528.1 million bu, and it is interesting to note in the past 7 years changes between the official report for this commodity in November and the final figure in December have varied more than 5 million bu—on only two occasions. The November report for all wheat amounted to 1,117 million bu, oats 1,075, and rye 21 million bu.

Late in the session liquidation occurred in soybeans, particularly the deferred, and prices declined substantially. Traders probably evened up in anticipation of this afternoon's report. Declines in meal were also a factor.

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CHICAGO, 4 December 17, 1959

The much-awaited crop report was issued after the close of the market yesterday, and the Agriculture Department disclosed that farmers had a near record total harvest during the 1959 growing season. The most important item on the list was the production figure on beans, with an estimate of nearly 538 million bu, or an increase of nearly 10 million from the month before. Considering that we had a good deal of adverse weather toward the tailend of the crop and that there was considerable talk of some beans splitting in the pods because of excessive moisture, it is quite wonderful that our farmers were able to get their beans gathered without much damage. As a matter of fact, this is the second largest yield of record although actually we raised nearly 42 million bu less than last year when we had a larger acreage and bumper production. With a carryover reserve of 62 million bu, we started the season with a total supply of 600 million bu; thus it was practically the same as the combined reserves and crop a year ago. The next carryover will be reduced to the extent that our exports and crushings are heavier. It now looks as though we might wind up the current crop season with stocks of about 40 million bu, based on present calculations.

As a result of the increased figure that was published last night, all futures of beans sold at new season's lows this morning with the market opening sharply off. There was stop-loss selling and considerable liquidation, which so often occurs when there has been an extremely large open interest. On the other hand, the Chicago price is much closer to the loan, and this may mean heavier impoundings on some of the beans that are still held by farmers. Thus one must temper bearish enthusiasm for the time being at least, especially with our exports running well ahead of last year.

Not too much attention was paid to other data contained in the report, although an increase in last summer's wheat production of about 10 1/2 million bu did bring selling into the market. It seems that the spring wheat crop had been slightly overestimated, while there was an increase in winter wheat yields giving us a total crop of 1,128 million bu, which is a reduction of 334 million bu from last year's banner figure. The corn crop was lowered to 4,361 million bu, a drop of 41 million bu from a earlier estimate, but it still gives us the biggest crop of record, and, therefore, not much attention was paid to the comparatively small change. The final rye figure showed a small increase but by all standards a crop of 21 1/2 million bu is still small. On the other hand, with the sizeable carryover and poor demand, there is still not much enthusiasm on part of investors. The flax crop showed some improvement over the previous report but it is thought that in Canada production may total less than 21 million bu, so that altogether we have a rather sound situation.

Returning to beans, we put out a flash shortly after the opening that we favored the purchase of beans. The government is not selling any at this price and they had 14 million bu left as of December 7th. In addition there had been 13 million bu resealed, and these take a higher price for redemption as they were based on last year's loan, which was 24¢ per bu higher; consequently, 27 million are presently withheld from the market. At the end of the season we might have a comparatively small carryover of free beans, even assuming that most of the impounded beans on this crop would later be redeemed. Even the September future is lower than the loan price.

Nobody paid any attention to routine statistics. The fact that the soybean market showed feeble rallies was for a long time the dominating factor, and of course liquidating orders were at times difficult to fill as the declines were rapid. When liquidation like this starts, it is difficult to tell what will bring about a change, although as we mentioned before, with prices below loan levels there has naturally been improvement in the situation, although it may take a little time before this is fully felt. Other grains were influenced largely by the great weakness in beans. Wheat in our opinion would not have declined so far on its own merit, although commercial business was slow, but there is bound to be some export demand before long. USDA authorized UAR to buy 40,000 tons of wheat, purchases to be made by February 29th for shipment by end of March. Pakistan also bought a cargo of wheat via the Gulf.

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CHICAGO, 4 December 18, 1959

Yesterday's break in the soybean market was precipitated by the 10 million u increase in the December official crop report. The determining factor in the xtent of the declines was the open interest which presented hazards about which we ave cautioned traders frequently in this letter. In a liquidating market, the penulum almost always swings too far, and yesterday's break must have reduced the umber of speculative longs. At any rate, season's lows were recorded across the oard and prices tumbled below the loan. After a break such as this, markets enerally rally laboriously. However, the technical structure is healthier and tatistically there is little reason for any further general weakness. Farmers will ikely increase impoundings between now and January 31st, and certainly country fferings at present levels should be quite light. Deferred months, even September hough it often represents next year's crop, seem more attractive at these discounts under the loan though the restoration of confidence will undoubtedly take time.

Another important government crop figure is due after the close of the market today but this one is not expected to cause quite the excitement marketwise that Wednesday's bean report did. Today's estimate will be concerned with the 1960 winter wheat crop as well as the acreage and condition of next year's rye for harvest. It is interesting for comparative purposes to note an estimated 44.6 million acres were seeded for wheat last fall, slightly larger than the previous year but 13% below average. Only 40 1/2 million acres were finally threshed because winter kill and abandonment normally take their toll. Percentagewise 9.2% of last year's originally seeded acreage was not harvested for grain compared with a very small 5.8% in 1958 when conditions were near perfect and the average of 17% abandonment. December 19th last year the government estimated the winter wheat crop at 957 millionbu and final production amounted to 923 million bu. Part of the bushel reduction can be blamed to mosaic disease which accounted for some fairly heavy losses in some parts of the Southwest during the late spring of this year. This year's plantings should be on an acreage comparable to that sown in the fall of 1958 as government limitations are similar and the loan is but a few pennies less on a national average basis. Thus far, reports from most winter wheat locales are quite optimistic and the crop is evidently off to a good start for this time of the year.

Exports of wheat and flour since July 1st are 178 million bu, practically the same as last year according to Broomhall. Shipments of corn since October totaled 46.7 million bu, running slightly in excess of a year ago. Overseas sales of oats amounted to 25.3 million vs 10.3, and rye 2.2 vs 6.1 in 1958.

Yesterday's weakness in soybeans influenced other grains though early this morning these markets seemed to have stabilized. It must be remembered that the oat crop is small and adjustments will be close at the end of the season. Consequently, with exports running ahead of last season, the price of this cereal at present levels seems attractive. Rye also has had a fairly good break, affected partly by deliveries on the December contract, but there should be better support in this commodity also. Though there is little export business at the moment in wheat, country selling is quite limited and there is little pressure on this grain at the moment. With impoundings running about as anticipated, there will no doubt be a tightening of free supplies in some quarters between now and the end of the crop season.

Our markets were much less volatile this morning, particularly the soybeans in comparison with yesterday, and though there was some easing of prices during the morning, a firming tendency developed towards the close. The open interest showed a reduction of less than 3 million bu, and it is our belief that many longs either liquidated or spread their positions, and new buyers offset this situation by making new commitments at lower levels. The market should now be more influenced by news of a statistical nature. Corn and oats both encountered short covering, particularly the nearby oat contract, and, as Monday is the last day of trade, shorts are evidently on the defensive as the demand outlook for this cereal appears quite good. Wheat and rye were both a shade higher with little feature.

When the visible supply of wheat is posted Monday it will compare with a decrease of 5.9 million bu a year ago. Primary receipts of wheat are 600,000, about the same as last year and compare with 1.1 million a year ago. Kansas City and Minneapolis stocks decreased 326,000 so far this week.

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CHICAGO, 4 December 21, 1959

Last Friday's report by the government estimated a winter wheat crop next summer of 925.7 million bu compared with the December a year ago estimate of 957.3 million bu. The 1959 conditions were fairly good during the growing season and yields in many cases improved. However, final totals were reduced because of mosaic losses in Kansas and other sections, so that final production was 923 million bu. This year's crop has been planted on 44,389,000 acres, slightly less than the number sown in the fall of 1958. The number of acres not harvested is estimated at about 10% of total plantings for the coming season as abandonment from winter kill takes its annual toll. The average spring crop the past three years of 240 million bu would give us a total of 1,167 million bu, a little more than produced this past season and as domestic consumption and exports are expected to be about 1,040 million bu, we should continue to add to our carryover which will be about 1,365 million bu next July 1st. Of course, these figures are subject to sharp revision during the months ahead.

While on the subject of wheat we have some Canadian statistics issued by a private source concerning supplies in that country. The 1959 wheat crop amounted to 413 million bu. Total home consumption during the year is expected to be 160 million bu, about average and since that nation's exports are running ahead of last year next summer's carryover should be less. Even so, the reduction is small and average supplies will be close to last year's reserve figure of 546 million bu. Combining our two country's over-all wheat supplies, a total of 1.9 million bu of surplus wheat will be available before even a single bushel is cut from next summer's crop. Broomhall this morning in discussing export competition from the U. S. says the Australian Wheat Board sent representatives to India and Pakistan in the hope of incrdasing sales from their large surplus. They have evidently met with some success as India has taken 2.8 million bu vs 1/2 million bu last year and Pakistan bought 1.2 million bu compared with practically no purchases by this time in1958.

The official forecast last Friday estimated that 4,211,000 acres of rye have been planted for harvest next summer. This is 4% larger than last year's acreage when a comparatively small crop was grown and conditions are placed at 86%, which is practically the same as last December's forecast and compare with the 1949-58 average of 83%.

There was little less in the way of news to affect markets this morning– though there still seems to be difficulty regarding negotiations with Longshoremen at Gulf ports and pessimism has been expressed in connection with earlier settlement contract terms. December 27th ends the "cooling-off" period, and all Gulf ports are crowded to the limit with wheat and other grains and flour as commodities are piling up awaiting unloading. Reports fromEurope continue to stress the need for moisture and eventhough improvements in the situation have occurred over the past several weeks, Broomhall talks of many sections still in need of rainfall. Despite the varied conditions, it is though that most countries will no doubt finish most of their intended fall planting before winter weather sets in.

July wheat was little influenced by the government report as it was pretty well expected that acreage would compare favorably with last year. Corn declined and approached crop lows, and the corn-hog ratio as of December 19th is 10.7 vs 11.1 last week and 15.7 a year ago. There was also further liquidation in beans with a little better support on the declines as the price level of this commodity is also below the loan. Farmers may be encouraged to withhold this commodity from the market as they can still take advantage of the support program until January 31st. Loan figures are expected as of the end of November possibly this afternoon.

Wheat stocks, including those afloat, decreased 300,000, leaving a total of 9.7 million bu. Chicago corn increased over a million bu, and local supplies of oats showed a decrease of 43,000. Rye increased slightly so that 2.3 million remain, and beans increased only nominally so that there are 12 1/2 million bu here.

All December contracts expired in rather orderly fashion. Rye was quite weak and the nearby corn made a crop low. Oats were a shade higher, and December wheat went out about 4 under March, governed primarily by short covering.

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CHICAGO, 4

December 22, 1959

We heard the definition of a budget given by a layman recently, who described it as a plan for "Pay as you go if you don't go anywhere." It is probably more difficult than ever to be articulate about modern-day budgets when so much power is delegated to various agencies who have free spending power, and this is particularly true of the Commodity Credit Corporation, which never knows too well in advance what funds may be needed to finance price support programs. Late yesterday, the Agricultural Department stated that it was trying to borrow more than a billion dollars from banks and other lending institutions to help finance the Price Support Program. It is trying to obtain these funds at a lesser interest rate than the Treasury would have to pay to get the money in the open market. This is the first CCC financing in several years, according to officials. Just 23 years ago, CCC began its operations with capital funds of $100 million. Today it has not only those funds but in addition has a borrowing authority of $14.5 billion - 145 times as much as in 1936. This in short tells the story of how government has moved in. When CCC ran out of money, either notes were cancelled or its borrowing authority was extended. Through such steady growth, Commodity Credit Corporation is today the second largest corporation in the world, exceeded only by the Federal Reserve Bank of New York. The cost of doing business amounts to several billion dollars per year, and as these funds are depleted, it is naturally a drain upon the Treasury. Therefore, financial preparations are now being made to handle the vast store of commodities on which farmers seek loans.

In this connection, impounding figures were released after the close of the market yesterday, showing that 270 million bu wheat had been placed under price support, but at the same time 17 million bu had already been redeemed; so the net figure is 253 million bu. Actually during the 30-day period under discussion, repayments were 9.5 million bu, while the amount that went under loan entry was only 7.8 million bu, indicating that redemptions are apt to be quite a factor later in the season, and for this reason not too much attention is being paid to quantities presently withdrawn from commercial channels. Were it not for this factor, we could paint a rather bullish picture because exports will probably be somewhat greater than the estimate of 410 million bu made earlier in the season; we find already that larger quantities are being allocated and shipped to India. Likewise the domestic disappearance this season will probably total 626 million bu, so that even with the amounts of wheat generally furnished by the government from its stocks for the export market, we could have a tight situation. We feel rather confident that the price of wheat will go to a level, so that the free carryover at the end of the season will be sufficient to prevent artificial tightness.

Soybeans in the loan total 22 million bu, and it is a foregone conclusion that we shall not reach the large total by end of January that occurred last season, although with prices below the loan at the present time, much larger quantities will probably become impounded between now and the January 31st deadline. If the government continues to hold the 27 million bu, which it owns, and is under reseal, in addition to the other figures just mentioned, we could have a very tight situation later in the season. Meanwhile, we shall have to depend on the inroads on the surplus which are being made through exports and crushings.

Primary receipts of wheat were small today, and amounted to only 664,000 bu, which was less than last week and only about half as large as last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 136,000 bu.

There was weakness in wheat during the early part of thesession, probably the result of the impounding report which we discussed earlier. Some of the selling was of local character, but the market recovered pretty well before the close. Chicago free stocks decreased 305,000 bu last week. Flour business continued draggy. Beans were a little weak early in the day, but with the higher meal market there was better support that gave us a higher close. Corn was without much feature, and little attention was paid to the pig crop report. Rye was higher. The market seems to be without any particular trend at the moment, but the carryover next July probably will be about 10 million bu, and based on condition of the next crop, we see no reason to think that there will be any heavy reduction of stocks beyond that point.

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CHICAGO, 4

December 23, 1959

Last night the President returned from his extensive 19 day tour. We cannot help but be encouraged by his reception in every country in which he traveled, and the good will obviously displayed. This is a tremendous propaganda victory at a time when propaganda is an important international issue, and must be heartening to many people. There is little question but that we must continue to subsidize our allies and pay a heavy price in order that foreign governments can maintain free and democratic rule, particularly in countries where economic prosperity does not match our own. Aid must not be given at risk to our own economy, and sacrifices must be made domestically in order to meet these obligations. Money used to bolster foreign economies should be spent intelligently and in such a manner that benefits will be accomplished while at the same time the American economy can function prosperously. Certainly there is room for thrift in our agricultural programs, and some of the large funds seemingly wasted to bolster farm prices might be more advantageously used elsewhere.

It is interesting to note in connection with yesterday's pig report that animal returns likely will improve next summer as an 11% cut in hog production for next spring is predicted. The cure for low prices is low prices, and no government interference in this case was necessary. As values lessened, output declined and the result should be stabilization and improvement. These low hog prices have been a major factor in 1959 farm income which fell 15% below last year's returns.

The amount of beans crushed in November totaled 35.8 million bu which is 1/2 million above last month and compares with 33 1/2 million crushed in November 1958. Since the start of the crop season, the number of beans crushed totaled 4 million bu more than for the like period a year ago, and exports continue to run at a rate well in excess of 1958 shipments. Clearances for the season amount to 48 1/4 million bu, and since October 1st over-all disappearance has been 18 1/2 million bu more than in 1958. If this accelerated pace continues, total usage could well exceed 525 million bu which had been forecast by many experts. As 50 million bu are either held by the government or designated for support, and the possibility of increased impoundings, a close adjustment of free supplies could develop in the months ahead. The loan price, as well as the government selling level, must be considered significant market factors, and with futures prices presently at a discount below the loan, there should be little pressure by cash bean holders while this situation exists. The Census Bureau report also shows that meal stocks are only slightly larger than October's supplies, and with the cash level in the neighborhood of $60.00 per ton, there is a firm undertone to this market. Crude oil stocks increased to 127 1/2 million lbs. versus 95 million last month.

The weatherman, who is not always correct in his forecast, indicated there would be no white Christmas this year. However, many Midwesterners awakened this morning to find that front walks had an accumulation of as much as 6 inches. Wintry weather put in an appearance in eastern sections earlier in the week and, as is normally the case, causes a little better support in feed grains. We hear that Union members have voted to end the dock strike at the Gulf which would be welcome news as quite a few commodities have accumulated in that port with the recent unsettlement.

The U.S.D.A. revised its estimate of wheat exports for the 1959-60 marketing year to 425 million bu, which is 15 million bu above earlier forecasts. With this change approximately 81 million bu should be added to the carryover next July 1st.

Early this morning a report indicated some border trouble in Iran, and that country's military forces were alerted to possible attack bytheir neighbor Iraq. Not too much was thought of this news item until later in the session when a few locals began buying on this report, and short covering followed with all markets becoming quite firm. Corn was supported earlier in the session as a report from down-state stated loan applications have jumped considerably the last few weeks, and large amounts are expected to be impounded after the first of the year, with prices well below the loan.

Primary receipts of wheat are only 533,000 bu, which is about the about the same as last week; at this time they are normally small.

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CHICAGO, 4 Decenber 24, 1959

Christmas is always a joyous time of the year, especially when our economy is running favorably. Agriculture has not shared in the general gains that were made in industrial lines, although large crops, which in some cases were records, helped tosustain farm income at a fairly good level. The stock market made new highs and was helped to a very great extent by one of our growing industries which played such a prominent role: namely, the field of Electronics. The aircraft and missille industry, currently the largest employer of manufacturing personnel in the country, is one of the youngest and most complex industries of our time. This, too, was an important factor in keeping business at high levels.

New construction was likewise active. This is the largest of all industries which in the current year accounted for slightly more than 14% of our gross national product. It reflects the demands of individuals, enterprises, institutions, governments, and its prosperous condition has contributed importantly to our magnitude. Even one of the depressed industries like petroleum did not fare as badly as might be suggested by stock market quotations, for the actual demand for domestic crude oil in 1959 will probably total about 5.6% higher than in 1958. Altogether industrial production has risen 148% of the 1947-49 average, according to Federal Reserve Board figures. This all came despite the long steel strike, which not only hurt that industry and its employees, but also, affected the manufacture of automobiles and many other products. It is now considered likely that automobile production during the first six months of the new year will reach very high levels on the assumption, of course, that steel will be supplied in the needed quantities and kinds, and that major interruptions do not occur in other sectors of the economy.

It is important during a period of great prosperity that we think ahead and do everything to fight inflation, which is probably our greatest enemy. No civilized country in the world has ever voluntarily adopted the extreme philosophies of either Facism or Communism unless the middle class was first liquidated by inflation. Much of the price increase in our economy may justly be attributed to high taxes. So many of them are concealed that the average person does not fully realize their existence. On a $2,000 automobile there has been $288.00 in hidden taxes collected on that car before it ever left the factory. Additionally, there are all the taxes paid by the dealers, the taxes on income, property, taxes when transfer of title is made, so that on a moderately-priced car more than one-fourth is just in taxes. There are 150 taxes on a lady's hat. Historically, whenever any nation has taxed its people more than 25% of their income, that nation has been eating its seed corn and is finally headed for economic decay. Already our taxes are devouring more than a third of every income dollar. Legislators have sought to slip money painlessly from our paychecks by withholding funds before we get them. We believe that taxes and inflation-- two great enemies of our economic system -- should be held in check in order to preserve our liberties and the great happiness that we now enjoy.

At the recent meetings of the American Farm Bureau Federation, it was pointed out that excessive government spending that contributes to more inflation and increasing federal controls over the nation's economy should be checked. Apparently even farm leaders sense the growing indignation of a system that hurts producers' initiative and liberty. The money that has been paid to farmers for limiting their plantings has been spent on fertilizers and tools that have resulted in bigger surpluses from fewer acres. It was recently claimed that every family in the U.S. is taxed $100 a year on an average in order to pay farmers a total of $6 billion a year for withheld production. In spite of these enormous payments, surpluses have increased, even with attempts to hold them down through the Soil Bank. The irony of the whole performance is that the subsidy money has gone to the larger farmers, the productive 2 million who do not need help to sustain them in their way of life, while the remaining 2 1/2 million farmers who might argue that they need a subsidy to stay on the land, get very few benefits from the government. It is, indeed, time for a complete change in our agricultural policies.

WE WISH YOU A VERY MERRY CHRISTMAS!

[illegible] December 21, [illegible]

Christmas is always a joyous time of the year, [illegible] a running [illegible]

[illegible] helped to sustain [illegible] highs and was [illegible] played such a prominent [illegible] and missile industries, [illegible] in this country, is one of the youngest and most complex [illegible] This, too, was an important factor in [illegible]

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[illegible] On a $3,000 automobile, [illegible] on that car before it ever left the factory. [illegible] paid by the dealers, the taxes on income, [illegible] roads, so that on a [illegible] There are 150 taxes on a lady's hat. [illegible]

[illegible] and is rapidly [illegible] than a third of every income dollar. [illegible] from our pocket [illegible] taxes and inflation -- two great enemies of our [illegible] check in order to preserve our incentive and the [illegible]

At the recent meetings of the [illegible] out that excessive government spending [illegible] increasing [illegible] even [illegible] the growing [illegible] initiative and liberty. The money [illegible] their plans [illegible] from [illegible] $100 a year [illegible] in order to pay [illegible] for withheld [illegible] in spite of [illegible] even with attempts to hold them down [illegible] whole [illegible] product

[illegible] 2 1/2 million farmers [illegible] get very [illegible] benefits [illegible] for a complete change in our [illegible]

WE WISH YOU A [illegible]

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CHICAGO, 4 December 28, 1959

There has been some concern regarding the condition of winter wheat in some parts of the Southwest, where topsoil had become quite dry. Timely moisture was necessary, and relief has been general over the holiday week-end, as snows fell in many areas, with as much as 5 inches at Hutchinson, Kansas. There have been rains in Texas, as well as most of the Midwest. This moisture should relieve the threat of blowing dust in all areas where this was feared, and will give the ground protection for the cold temperatures expected during the winter months.

With the new year approaching, farmers appear willing to part with cash wheat for payment in the next tax year. In many instances the price is equal to or better than the loan and though export sales have been seasonally small, better prospects are in view, including a new authorization to India and prospective sales to other countries. Requests for tenders have been issued to the UAR for 30,000 tons of flour, in addition to equal amounts of red and white wheat for later in the week. Turkey also will receive offers for fair quantities, part of which will be in exchange for that country's currency. Since the crop season began, total exports of this grain have been 183 1/2 million bu, practically the same as a year ago, according to Broo mhall. Oat shipments total 25.6 million vs. 10.7 million, and since October 1st, corn clearances have amounted to 50.6 million, slightly larger than the like period last year.

USDA released some interesting statistics last week concerning the disposal of CCC stocks. Since July 1, 1953, $17 1/2 billion worth of surplus inventory on a cost basis has been dispensed. Of this $2.6 billion worth was moved through various outlets in the fiscal period ending last June 30th, in addition to $886,000 disposed of from July 1st through October. Included during the 16-month period were nearly 800 million bu of grain and oilseeds, 4.7 million bales of cotton, and almost 1 1/2 billion lbs of dairy products, although less than $2 1/2 billion was returned to the U. S. Treasury from the sale or transfer of these goods, which is calculated as a return of 70¢ on the dollar. However, about half the value was either bartered or sold for foreign currencies, so that it is a little more difficult to determine how large the actual percentage return was. In addition some items were donated for such uses as the school lunch and relief programs, and 7% of the CCC inventory was used under payment-in-kind programs. In spite of the tremendous channelling of these supplies, USDA is quick to admit that total disposal activity has not kept pace with the increased acquisition of new stocks through price support operations. From June 30, 1958 to November 1, 1959, CCC holdings advanced more than $2 billion worth.

Markets have quieted, which is rather normal for this time of year, and activity in soybeans has at least temporarily decreased. Cash meal continues firm and some sales have been consummated at $60, which lends a firm undertone to that market. Imports of U.S. beans by Japan during the first nine months of this year were larger than any previous year, and that country has imported none of this commodity from Communist China since September 1958. From the U. S. a total of 789,000 tons has been bought from January to September compared with 590,000 tons the year before. This is all but a small fraction of their total purchases.

Small amounts of wheat are still being shipped from Chicago and last week stocks, including that which is afloat, decreased 323,000 bu. There still is in excess of 9 million bu in the city, but part of this is owned by the mills for their own commercial use. Corn increased by 365,000 bu, and there was a slight increase in the bean stocks so that 12 1/2 million bu are in Chicago elevators. So far there is no indication that there will be any sizable deliveries on January contracts as merchandising opportunities present a better outlet than delivery. Though processors are evidently quite well supplied at the moment, the cheapest purchase of beans would be via delivery as the track price in Illinois figures better than 10 over delivered this market. There was a small increase in oat supplies here during the week, but there are only 2,172,000 bu available locally, and if exports should be maintained at the present good pace, the support in this market should continue. There is little demand for the 2.4 million bu of rye in elevators here, and this market weakened considerably this morning with prices as much as 2¢ lower. Commission houses were best sellers, and this grain may have been influenced somewhat by a declining Winnipeg rye market.

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CHICAGO, 4 Dec. 29, 1959

Ordinarily at this time of the year we look forward to the period when Southern Hemisphere crops start to move; and traditionally January 10th is a bear period for the reason that heavier offerings from Australia and Argentina often take our export markets away at the time when some of the larger mills are closing down for inventory purposes. Before the days of price supports when markets were more normal we used to find that 70% of our wheat exports were sold during the first six months of the crop year; therefore, the business which followed after January 1st was not terribly important from point of view of volume. Nowadays, we have no real busy export season, and with sales being made generally under subsidy there is no particular advantage for Europe, or even the Asiatic countries, to stock up and buy their wheat early because very often the delivered price is pretty much the same except for variations in freight charges. This does not create the same keen demand that formerly existed, nor does the fact that Southern Hemisphere crops appear to be less than last year have much bearing on the situation. –

The outlook inAustralia is less favorable than at this time last year because of dryness during the growing season. The present forecast is that wheat production will be down about 40 million bu from the near record crop last year. A substantial reduction is also expected in Argentina where present forecasts indicate that production may be about 60 million bu less than a year ago as the result of reduced acreage and dryness in part of the grain area. Foreign buyers, as previously stated, are not much exercised over these developments, and of course with the tremendous supplies of grain in the world there is no strong urge to buy at any given moment. –

We find the same situation existed earlier in the year when Canada experienced a very trying period during harvest, and as a result the rains or snows during September and October held up harvesting so that there was much damp and tough wheat that could not be immediately threshed. About 100 million bu of this remains in the fields to be harvested next spring, and except for some passing comment at the time it happened the world accepted these periods of adversity with hardly more than a nod of the head.

Shortly after our market opened we were told that Turkey had not accepted the 30,000 tons of red wheat offered overnight, but has asked for reoffers again tonight. There is a fair amount of export business in the offing, but to what extent hedges will be covered against these transactions remains to be seen. There seems to be added interest coming from Pakistan and India, while the UAR will probably proceed with its grants during the second week of January --hence, there is a fair business that could be uncovered. Locally we find that offerings – are very light, and Chicago receipts during this holiday period are next to nothing. The total carlots of all grain received in Chicago today were 19 cars, and it remains a question whether the movement from first hands will increase much after the turnof the year whenwe come into the new tax period.

Primary receipts of wheat were light at 576,000 bu, which was a little smaller than last week and compared with 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 13,000 bu.

Trade in wheat was very light, probably much the same as yesterday when less than 4 million bu were transacted in the pit, compared with 22 million bu of beans. Chicago stocks of free wheat decreased 323,000 bu during the week, – leaving 9.3 million bu here. Corn increased 361,000 bu to a total of 9 1/2 million bu in the free supply. There seemed to be buying of corn on setbacks and this was largely due to the fact that the country is selling very sparingly even though the cash price in the countryhas advanced several cents per bushel. – while the net change in Chicago futures has been small. Soybean country selling is almost non-existent, and the bean market was higher with a better market in meal; as a matter of fact January meal went to new high prices on this crop, – which gave some encouragement to traders in beans. New Pressure on the market is exceedingly light. Bakery flour sales were again small overnight, but there was a fair amount of May wheat to sell at about last night's closing price, and in the absence of trade the market did not get anywhere. Rye was quite firm, which is not surprising after the recent sharp breaks.

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CHICAGO, 4

December 30, 1959

The year 1959 has been a bountiful one insofar as the world production of food grain is concerned though output fell slightly below the level of the year before. Neither the U.S. nor Russia harvested wheat crops equal to their respective records raised in 1958, but these world leaders, who between them grow about 40% of the world wheat, each added to their carryover stocks. Soviet Premier Khrushchev announced in a speech yesterday that a severe drought was partly to blame for Russia's poorest harvest in 4 years. He also indicated that agricultural policies in that country were mismanaged though he was quick to counter with dairy production statistics which accordingly claimed that the U.S.S.R. surpassed American per capita output of milk and butter for the first time.

The amount of world feed grains produced will about equal the 1958-59 figure, bolstered in large part by the U.S. corn crop. Though the amount of beans grown worldwide was smaller in 1959 than the previous season, the over-all production of vegetable oils remains near the record 18 million tons of the previous year as olive oil output has expanded considerably, more than offsetting reductions in peanut, soybean and sunflower oil.

Country selling of corn has diminished considerably with the price of this cereal still well below the loan. Though impoundings may be quite heavy during the coming months, reports from some sections state that moisture content is high and the keeping quality is not in many cases conducive to prolonged storage. A relatively mild winter thus far is partly to blame. In the meantime small receipts have forced the cash basis to its highest point since harvesting began in October. Country selling of soybeans is also almost non-existent as farmers have another month in which to choose between the open market and the support program. The latter at the moment is more likely in many instances with prices at a discount below the loan though redemptions are allowed through May assuming all charges are repaid. Cash meal remains firm and soybean exports continue well in excess of a year ago as 2 1/2 million bu were shipped this past week. Since October 1st, 50.7 million bu have cleared our shores compared with 35.4 million by this date in 1958.

Much of the wheat lands of south-central Kansas and central Oklahoma have been reseeded according to the Santa Fe Crop Report as heavy rains in late September and early October made this necessary. There is a possibility some fields have been damaged by winter kill and, as top soil had become quite dry, some wind erosion was apparent in sandy areas. In the remainder of the winter wheat territory most of the acreage got off to a good start, and according to the Kansas weekly report, moisture received over the weekend was quite beneficial to the 1960 crop. There has been fair support in the Chicago wheat market of late as prices are well below the loan level, and wheat in this area is not being redeemed. Turkey is still expected to buy 1 million bu of red wheat, but the sale has not been confirmed. Otherwise there is little foreign business pending though large wheat and flour sales are anticipated after the turn of the year. If additional large quantities of red wheat are included, there is a likelihood that this market will be called upon to supply at least some of the needs. Consequently the amount eventually shipped from the 6 million bu in the deliverable position will certainly be an important factor in the price level, as well as the spread differentials.

Primary receipts of wheat amounted to 459,000 bu vs 533,000 bu last week and 756,000 bu a year ago today. Corn primaries continue to shrink and totaled 382,000 bu which compares with 924,000 bu last week and about the same as this date in 1958. Kansas City and Minneapolis stocks decreased a total of 140,000 bu so far this week.

Markets were rather unexciting as tomorrow is the last day of the year and a holiday mood still exists. Beans declined after early firmness, but there was little feature to this market. Tenders will be announced tomorrow on the January contract and even though the cash basis is a good deal better than the board we have only heard of a few small sales out of local elevators. With the light country movement of corn some out of town processors have evidently bought fair amounts from the Chicago stocks. This grain seems to have a fair undertone at the moment. Rye, which had made some recoveries yesterday, lost ground during the session, with rather feeble support.

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CHICAGO, 4

December 31, 1959

Another year is drawing to a close. From an agricultural standpoint very large supplies of various commodities were harvested, although we did not have quite the banner results of the year before. The total harvested acreage of major crops was about 325 million, which was slightly higher than the past three years, but otherwise, the lowest since 1939. Thus it can be seen that technological developments are continuing, and with the use of nitrogen and other fertilizers, we have learned to gather big crops without necessarily using the full extent of our land. There were some increases in harvested acreage, as in the case of corn, owing to the fact that the allotment program was abandoned and the support price was established at 90% of the average farm price in the three preceding years, which apparently gave encouragement to farmers to expand plantings. There was also a substantial increase in cotton acreage, but as an offset to these increases, we had fewer acres planted to hay, soybeans, sorghum grain, winter wheat, and flaxseed.

Crops generally withstood the vicissitudes of weather in fairly good shape, although the outturn of winter wheat was nearly a fourth below 1958 and yields were nearly 6 bu per acre lower, reflecting less favorable weather and a higher incidence of disease. The durum wheat production was about 30% below average due largely to poor yields even though acreage was a third more than it had been last year. Rye production was down a little from last year, but, nevertheless, was near average. Altogether it was not the best year for farmers, insofar as income was concerned, but we think that much of this is attributable to the various support programs and artificial devices that have built up big surpluses that overhung markets.

Business and industrial news during 1959 was generally of a favorable character, with gross national product in the U.S. at record high, substantially above the year earlier, despite some downturn occasioned by work stoppage in the steel industry during the latter half of the year. It is somewhat hopeful that prospects for 1960 are for continued strong demand for agricultural commodities although a large part of our exports are brought about either through subsidy payments or attractive programs to foreign countries whereby we accept their currencies in payment for what they buy. Consumer demand for goods and services was strong mainly for such durable goods as automobiles.

It is too early, of course, to tell what next summer's production will bring forth, but winter wheat has gotten off to a good start, and the crop may be practically as large as the previous one while the same is also true of rye. Whatever grain production we have will be supplemented by heavy carryover stocks, which continue to weigh on markets even though many of them are temporarily withheld from the usual trading channels, and about $9 billion worth of commodities are in the hands of government, with every likelihood that there will be an increase as further price support programs add to government holdings. Supplies of eggs and poultry for meat are expected to be about as large as in 1959, and, of course, the poultry industry, as well as the price of eggs, has suffered declines due to the accumulations that have taken place. Consumer expenditures for food in the U.S. may total a little higher next year than they did during 1959, reflecting the effects of the larger population and some increase in the amount of marketing services purchased with food rather than any increased consumption on a per capita basis.

We seem dedicated to do something for agriculture, which after all is a $40 billion market for the American economy. The fact is that when farmers prosper the whole country shares in their well-being. Farmers and ranchers are among the biggest consumers of American industry, and, therefore, it is extremely important that we try to avoid the depressions, such as occurred in the 30's. It is equally important, however, that we discontinue programs that are detrimental to farmers' markets. The government has been oblivious of the importance of organized markets, and most programs have been shortsighted in merely giving producers a temporary advantage, irrespective of secondary consequences.

The farm problem is basically a government made pricing problem. Recognition of this fact is essential to a sound solution.

WE WISH YOU A VERY HAPPY NEW YEAR

UHLMANN GRAIN COMPANY